FINANCIAL REPORT

2016

2016 Annual financial report

Annual Financial Report 2016

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1. The Company's position and business in 2016

Cofiroute reported 2016 revenue of €1363.5 million, up by 4.4%. This consisted mainly of toll receipts, which rose due to a 2.4% increase in traffic on the interurban network.

Company EBITDA amounted to €1012.7 million. This reflects growth in revenue and a continuation of the Company's policy of containing operating expenses.

Capital expenditures increased in 2016 to €123.6 million. These primarily involved various programmes contracted with the French government, including completion of plan contract N°3 and implementation of the highway stimulus plan signed in 2015.

Net financial debt at 31 December 2016 was €4.1 billion.

2. Traffic

The traffic on Cofiroute's interurban network increased by 2.4% in 2016; growth was 2.2% for light vehicles and 3.5% for heavy vehicles. Average traffic intensity on the network was 29,087 vehicles per day in 2016.

This growth in traffic was primarily driven by relatively low fuel prices and, besides the general growth in the French economy, a buoyant Spanish economy, which supported and added to flows of heavy vehicle traffic.

Traffic on the A86 Duplex continued to grow with an average increase of 3.8%. Growth for weekdays was 4.1% and for weekends and public holidays 1.9%. Average weekday traffic in 2016 was 33,022 vehicles a day.

3. Toll revenue

Toll revenue was €1,345.2 million in 2016, split between €1,286.6 million for the inter-urban network (up by 3.9% from 2015) and €58.6 million for the A86 Duplex (up by 8.5% from 2015).

Revenue from ancillary activities in 2016 were €18.3 million.

4. Maintenance of the network in service

A total of €124 million was invested in 2016, including €30 million in road works and equipment for existing motorways.

4.1. A86 Duplex (€0.7 million)

Capital expenditures in 2016 included completing the final stages (basically directional signage) and starting up the equipment replacement plan (consulting to client and selection of general contractor).

4.2. Interurban network improvement works (€93 million)

The work on Contract Plan No. 3, committed in 2012, continued in 2016, including widening the A10 motorway on the Chambray-Veigné section, commissioning the Bas Bry upper large animal crossing, completion of the heavy vehicle parking area and work on the La Gravelle free-flow toll-gate.

As part of the second phases of the interurban network improvements, engineering work continued on circulation improvements on the A10/A85 interchange and on widening the Angers North bypass on the A11. The work to double the Cher viaducts and on the Cher and the Sauldre relief lanes on the A85 began in the fourth quarter of 2016.

Lastly, as part of the motorway stimulus plan, work was started on all government approvals and studies. Environmental improvements continued with the construction of four small animal crossings on the A11 and four others on the A81. The mineralisation of the central reservation on the A10 between Sainte Maure de Touraine and Poitiers Sud began in the fourth quarter of 2016.

5. Network operation and customer safety

Indicators	2013	2014	2015	2016
Accident rate(*)	21.07	19.58	18.29	17.12
Personal injury rate(*)	3.56	3.61	3.87	3.95
Fatality rate(*)	0.21	0.25	0.18	0.21

(*) Number of accidents or bodily injuries or fatalities per number of km travelled x 10^8

The number of fatal accidents is the highest in 4 years (24 accidents in 2016, 18 accidents in 2015, 21 accidents in 2014 and 19 accidents in 2013).

Except for the year 2014, the number of people killed is also on the increase (25 killed in 2016, 21 killed in 2015, 28 killed in 2014, 23 killed in 2013).

The 2016 indicators show:

- a decrease in the accident rate (due particularly to the fewer number of accidents with material damage, down by 6.6% over 2015);
- a slight increase in the rate of personal injury accidents (4.4% rise in personal injury accidents from 2015), but just as in the past year, severity was in sharp decline (22% drop in seriously hurt victims, 60 in 2016 as against 77 in 2015);
- a rise in the number of fatalities (4 more than in 2016).

Pending the consolidation of the number of fatalities as of the end of December, it is clear that after a decline in 2015 the number of fatal accidents and the number of persons killed rose again in 2016. Concerning the number of fatal accidents, they were in the upper range of figures seen in the past 10 years.

It should be noted that figures are small and that an increase of just a few points is a significant factor that has a big influence on rates.

Cofiroute is a founder-member of the VINCI Autoroutes Corporate Foundation for Responsible Driving, which has taken initiatives to raise driver awareness of road safety issues, with special focus on messages concerning the risks of inattention and, especially, drowsiness at the wheel.

Cofiroute supported these campaigns on its network by helping to co-ordinate events at its rest and service areas, especially during summer periods and during its awareness campaign displayed on scroll message signs. Special initiatives to raise awareness among heavy vehicle drivers continued, including participation in the 24-hour Le Mans truck race.

A great many Cofiroute employees were involved in these events.

6. Corporate Social Responsibility

6.1. Employee-related information

6.1.1. Employment

6.1.1.1. Workforce

At 31 December 2016, Cofiroute employed 1,456 people, including 1,379 permanent (CDI) employees, 12 employees on early retirement schemes (CATS), 21 employees using time savings accounts (CET), and 44 fixed-term employees (CDD). These numbers compare with 1,525 employees at 31 December 2015 (1,455 CDI, 32 CATS, 5 CET and 33 CDD). Use of fixed-term contracts increased in 2016 (44 as at 31 December 2016 versus 33 at 31 December 2015).

As regards retiring employees, the agreement signed between the French government, Unedic and Cofiroute in December 2007 regarding the early retirement of certain employees (CATS) came to an end on 1 June 2012. This agreement enabled 141 employees to retire from work from their 57th birthday by suspending their employment contract until they are able to receive a full pension. Although employees can no longer sign up to this CATS arrangement, 12 employees were still covered by it as at 31 December 2016. The arrangement will expire when the last employee covered takes full retirement.

On the other hand, the addendum to the time savings account scheme of 13 March 2015 allows Cofiroute employees to manage their retirement by allowing them to put aside certain types of compensation until 7 years before their retirement.

Since this system was put into effect, 32 employees have made or are making use of this scheme.

Breakdown of the workforce by gender and age (permanent including CATS and fixed-term contracts):

Cofiroute France	Total December 2015	Total December 2016	Total Men	Total Women
Workforce by age bracket				
< or = 25 years	34	28	21	7
Between 26 and 30 years	76	59	36	23
Between 31 and 35 years	111	110	73	37
Between 36 and 40 years	158	150	113	37
Between 41 and 45 years	226	210	132	78
Between 46 and 50 years	348	314	193	121
Between 51 and 55 years	310	330	200	130
Between 56 and 60 years	203	203	124	79
= or > 61 years	59	52	17	35
Workforce at end of year by age bracket	**1,525**	**1,456**	**909**	**547**

Organisation of operations and personnel:

With the objective of providing the highest quality service and security to its customers, Cofiroute has revised the way its 17 operating centres are organised and managed through the creation of districts.

These new divisions of authority, grouping several centres at once, allow greater focus on solving operating issues and improving traffic management.

This change, moreover, reflects a policy of de-compartmentalisation, added synergy, better information flow internally as well as with stakeholders, and reconciling and sharing best practices.

Breakdown of the workforce by geographical region:

Region	District	Operating centre	Male	Female	Total 2016/12
CENTRE REGION		St Romain Centre	24	10	34
	Sologne District	Vierzon Centre	43	30	73
		Chambray Centre	82	67	149
	Touraine Poitou District	Châtellerault Centre	33	21	54
		Blois Centre	37	16	53
	Val de Loire District	Monnaie Centre	34	32	66
Total Centre Region			**253**	**176**	**429**
Ile-de-France Region		Ponthévrard Centre	80	63	143
	Saint Arnoult en Yvelines District	Thivars Centre	31	10	41
	A86 Duplex District	Rueil Centre	77	7	84
		Fontenay Centre	24	2	26
	Loiret District	Orléans Centre	58	43	101
Total Ile-de-France Region			**270**	**125**	**395**
Pays De La Loire Region		Ancenis Centre	48	41	89
		Angers Centre	37	6	43
	Anjou Atlantique District	Vivy Centre	28	13	41
	La Mayenne District	Laval Centre	61	23	84
		La Ferte Bernard Centre	30	13	43
	La Sarthe District	Le Mans Centre	43	48	91
Total Pays de la Loire Region			**247**	**144**	**391**
Offices		Rueil Office	94	76	170
		Saran Office	29	16	45
		St Arnoult Office	9	6	15
		St Saturnin Office	7	4	11
Total offices			**139**	**102**	**241**
Grand Total			**909**	**547**	**1,456**

6.1.1.2. Hirings and redundancies

During 2016, 23 employees were hired at Cofiroute on permanent contracts (19 outside hires and 4 from the Group); 72 employees on permanent contracts left the Company, 20 CATS employees and 11 CET employees took retirement.

Number of redundancies:

Cofiroute France	Total December 2015	Total December 2016
Redundancies on economic grounds	0	0
Non-economic redundancies	8	7
Redundancies on grounds of inadequacy	4	6
Total redundancies	**12**	**13**

6.1.1.3. Pay and pay increases

As part of the mandatory annual wage negotiations in 2016, senior management signed an agreement with two trade union organisations; it was then rejected by the two other unions, resulting in senior management taking the following unilateral steps:

- office, technical and manual: a company-wide increase of 0.3% and an individual increase of up to 0.42%. Length of service adjustments account for an increase of up to 0.28%;
- supervisory: an individual increase of up to 0.76%. Length of service adjustments account for an increase of up to 0.24%;
- managers: an individual increase of up to 1%.

Cofiroute reaffirmed its commitment to individualised compensation.

The mandatory agreement signed in 2015 also called for the establishment starting in July 2015 of REVERSO, a supplemental defined contribution pension plan to allow managers and similar employees (at Cofiroute, supervisors) to make extra retirement payments throughout their career at Cofiroute. At 31 December 2015, 140 managers and 235 supervisors opted for the REVERSO plan.

In addition, Cofiroute's employment policy aims to value each employee according to his/her skills, performance and potential. Sharing the benefits of growth is also an important aspect of the policy. It takes the form of incentive plans and an employee profit-sharing plan.

The voluntary performance-based profit-sharing signed in 2014 underscores the desire of senior management to link incentives and safety in order to involve employees in preventive efforts.

Sharing the benefits of growth also involves promoting employee share ownership. By end-2016, 1,224 employees (84% of the workforce) had made a payment into the CASTOR group savings plan.

Cofiroute contributes to the mutual and provident insurance plans providing its employees with various additional types of cover.

Social welfare initiatives are managed by the works council (employee service cheques, holiday vouchers, various forms of assistance, etc.).

6.1.2. Work arrangements (working hours, absenteeism)

Cofiroute abides by its statutory and contractual obligations in relation to working hours. Working hours depend on an employee's business line and function. All full-time employees theoretically have a 35-hour work week, except for managers, who work a specific number of days per year.

At 31 December 2016, Cofiroute had 81 part-time employees (63 women, 18 men).

2015 was marked by important negotiations with regard toll workers that led to the creation of the status of toll operator" with work time organised on an annual basis so as to adapt schedules to operational requirements.

At 31 December 2016, Cofiroute had 53 toll operators (39 women, 14 men).

Cofiroute France	Total December 2015	Total December 2016
Calendar days of absence		
Days of absence caused by non-occupational illness (YTD since 1 January)	21,379	23,358
Days of absence on maternity/paternity leave (YTD since 1 January)	2,152	1,444
Days of absence owing to temporary layoffs (YTD since 1 January)	0	0
Days of other absence (YTD since 1 January)	2,071	2,860
Total Absence (excluding "Health and safety in the workplace")	**25,602**	**27,662**
Total Absence related to "Health and safety in the workplace"	**2,108**	**1,283**
Total All types of absence	**27,710**	**28,945**

6.1.3. Employee relations

Management/employee dialogue

Cofiroute is keen to maintain constructive dialogue between management and employees. This dialogue has only flourished by involving the elected staff representatives in the Company's growth and development. This involvement is shown particularly by informing or consulting with members of the works council and health, safety and working conditions committees in their respective areas of jurisdiction.

Cofiroute has a unified works council at Company level. It has decentralised employee representative bodies and health, safety and working conditions committees for the headquarters and each region.

Summary of collective agreements

(with an indication of the impacts on the Company's economic performance as well as on the working conditions of employees).

As part of its management-employee dialogue process, three collective agreements and four Riders were signed in 2016 with unions representing Cofiroute staff:

- road maintenance: agreement as to a reassessment of certain constraints and amendment of the 2016 retirement management (CET) scheme – 2016 (09/09/2016);
- toll sector: agreement as to changes in job descriptions and work scheduling – Rider 1 concerning the enhancement of certain provisions (09/09/2016);
- on-site work, job descriptions and work scheduling, Operations Managers – Rider 9 concerning cyclical work schedules – Angers PCE (09/09/2016);
- company-wide agreement concerning equal opportunity and diversity as well as the prevention of discrimination (29/07/2016);
- pre-election agreement protocol: elections of employee representatives at the 26 April 2016 meeting of the Cofiroute CHSCT (health, safety and working conditions committee) (signed on 13/04/2016);
- Cofiroute employee profit-sharing agreement – Rider 1 (16/03/2016);
- the employee incentive agreement – Rider 1 (16/03/2016).

The agreements or Riders negotiated in 2016 related to operations are intended to tailor the employment regulations to the realities of the Company while reassessing certain constraints and maintaining good working conditions.

There is no agreement specifically covering workplace health and safety. However, this subject is part of a good many agreements signed in 2016, including the company-wide agreement on equal opportunity and diversity as well as prevention of discrimination, the agreement reassessing certain constraints and amending the retirement management scheme.

Finally, Cofiroute senior management wished to review the agreement on trade union law dating from 2006 and consequently terminated it on 14 November 2016. The trade union organisations and Cofiroute senior management therefore have until 14 February 2018 to conclude a new agreement.

6.1.4. Health & Safety

Concern for the safety of the employees is a core value of Cofiroute. This was shown this year by the launch of a new VINCI Autoroutes prevention policy reaffirming our commitment and furthering our constant effort to see that no one is ever again injured at work. The "zero injured" objective in this new policy means that everyone, individually and collectively, is involved in the sustainable improvement of our behaviours with the focus on three pillars: "Responsibility for my safety," "Caring for my health" and "My own preventive measures". To launch this new policy, seminars ("Together for Safety") were held at all sites across the Cofiroute network.

Carrying out this policy on a daily basis comes down to three instruments of prevention, our "fundamentals", that staff have now fully embraced: 15-minute safety breaks, prevention inspections, reporting and analysis of hazardous situations, analysis and preparation of its "212" activity.

The "100% safe work site" process and the VINCI Autoroutes Corporate Foundation for Responsible Driving also contribute to the strategy for the safety of employees, outside workers and customers.

The number of workplace accidents with days lost was down in 2016. We saw a 25% decline in workplace accidents with lost time, i.e. 15 accidents in 2016 versus 20 in 2015. The 7.33 frequency rate for the period ended 31 December 2016 reflects this fall ☑ (9.44 in 2015).

Days lost were down sharply in 2016. We recorded 1,009 days lost in 2016 as against 2,429 in 2015, thereby reducing the severity rate to 0.49 ☑ from 1.15 in 2015.

The number of work-related accidents without lost time was also lower, with 32 such accidents in 2016 as against 38 in 2015.

Ten Operating Centres had zero workplace accidents with lost time for over 12 consecutive months, which was 3 work units more than in 2015.

11,733 hours of training were devoted to safety.

One occupational illness was reported during 2016 (one also in 2015).

In 2016 Cofiroute also engaged a process to improve quality of life in the workplace. This process, created and shared with the employees and the unions, is organised around two main components: production of a diagnostic and preparation of an action plan to help improve the quality of life for employees in the workplace.

6.1.5. Training

The 2016 training plan embraces our Future Jobs & Skills Plan (GPEC.) As occupations evolve, training becomes a way for employees to advance their careers. The Company has to ensure that they have all the necessary skills to do so.

To this end, Cofiroute has updated its training courses to stay tuned with the reality of its business functions, which have changed significantly, both organisationally and in terms of tools and methods. Cofiroute's latest training project is called "Parcours" (career path).

To redefine training courses, the Human Resources Department uses the following methodology involving three types of player:

- pilots;
- job experts;
- in-house trainers.

The Human Resources Department relies on the pilots of each job process to define:

- the objectives of the job process in terms of skills;
- the needs in terms of priority areas, population, deadlines and the physical assets needed.

The pilots name the job specialists who translate the needs expressed by pilots into training objectives and actions. They are specially trained in designing training modules on a single consistent "Parcours" basis. They submit the modules to their training pilot for approval. They assign their modules to the in-house trainers and provide support for deployment. They keep an eye on modules and change them as and when required by needs, technical progress, regulatory changes, etc.

In-house trainers are appointed by local managers in agreement with the process pilot and his or her job experts. They are in every case trained in how to facilitate training. They have been assisted by experts for the module(s) they facilitate. They are selected for their professional qualities, their teaching ability and their adhesion to Company policy. They are evaluated both on their job performance and key role as in-house trainer.

In 2016 over 41,817 hours of training were delivered at Cofiroute to 1,326 employees, representing an investment of €1,826 thousand (€1,225 thousand in wages, €415 thousand in outside training costs and €186 thousand in related expenses).

In-house training accounted for 74% of total training hours in 2016. 160 occasional in-house trainers spent 7,469 hours training (47 hours per trainer) in 2016.

6.1.6. Non-discrimination

In accordance with the company-wide agreement signed 31 October 2012, Cofiroute is committed to equal opportunity in terms of hiring, assessments, promotion, transfers and remuneration.

At 31 December 2016 the fraction of female permanent employees was 38%. The figure is 37% for operating personnel (29% for manual workers and 90% for other workers) and 42% for supervisory personnel. 37% of managers are women.

In the Tolls division, women account for 65% of the workforce. The inter-function bridging process (gateways) has led to an increase over prior years in the proportion of women in roadway maintenance (9%).

In 2016, Cofiroute promoted 10 employees to a higher category (excluding promotions of labourers and other workers), six whom were women.

In 2016, out of 27 changes in job classification, 63% involved women.

Cofiroute employed 59 people with disabilities at end-2016.

Following eight negotiating sessions between 2015 and 2016, on 29 July 2016 management and the CFDT and CFE-CGC BTP unions signed an agreement on promoting equal opportunities and diversity and on preventing discrimination.

That agreement is now in effect and will be for three years (2016, 2017, 2018). Its purpose is to define the measures, actions, targets and indicators needed to promote equality at work among all employees in terms of training and promotion, actual remuneration and workplace health and safety. It is also designed to combat discrimination and promote diversity, gender balance and the inclusion of disabled workers. It is fully compatible with currently applicable legislation, including the Acts of 4 August 2014 and 17 August 2015.

In addition, Cofiroute received for the four following years AFNOR "diversity" certification in 2015 for its human resources policy.

6.1.7. Promotion of and adherence to the provisions of the International Labour Organisation's fundamental conventions

Aside from the issues inherent in the right to collective bargaining and the elimination of discrimination in the workplace (see points 6.1.3 and 6.1.6), Cofiroute has also endorsed the fundamental standards laid down by the International Labour Organization aiming to eliminate all forms of forced or obligatory labour and the effective abolition of child labour.

6.2. Environmental information

6.2.1. General environmental policy

In accordance with VINCI Autoroutes' environmental policy, Cofiroute implements appropriate solutions to mitigate the impact of its activities, particularly as regards noise, waste management, water quality, air quality, CO_2 emissions and biodiversity.

Since December 2011, all of Cofiroute's construction, maintenance and operating activities relating to the motorway network (including tunnels) have had ISO 14001 environmental management certification.

The Sustainable Development and Quality Department, which is separate from operational departments, co-ordinates environmental initiatives, ensures that they are applied correctly and measures the results.

In 2016, 392 hours of environment-related training were provided to Cofiroute employees, dealing with waste management, monitoring purification plants, stewardship of forestry assets, green space maintenance, recognition of protected species and invasive species, and the environmental management system (update of ISO 14001). Regional departments and head office carried out 461 fifteen-minute briefing sessions on environmental issues throughout the year (233 in 2015).

Cofiroute invested in the prevention of environmental risks and pollution in 2016. To protect water resources, an additional settling basin was created, increasing to 1,442 the number of basins protecting motorways.

Cofiroute has €50 million of insurance cover for environmental risks.

6.2.2. Pollution

After identifying significant environmental impacts as part of the ISO 14001 certification process, Cofiroute implemented procedures and instructions to cover the operational aspects of managing them.

Compliance testing is carried out on discharges from wastewater treatment facilities on a quarterly basis at rest areas and on a semi-annual basis at rest areas to help protect water resources. Facilities collecting and processing run-off from motorways avoid diffuse or accidental pollutants from spreading to the external environment.

Emergency measures are taken in the event of pollutant spillages, and exercises are held by operating centres. Operational staff receive regular training in how to apply these emergency procedures.

In 2016, of 40 road traffic accidents causing pollutant spillages, none caused any pollution outside of the motorway itself owing to the application of these measures.

The noise database cataloguing all the noise metrics on the Cofiroute network is updated every year based on the annual average daily traffic in the previous year and noise metrics recorded on neighbouring areas back up this data. In 2016 as in 2015, there were no noise-related points for concern or points exceeding the regulatory threshold in Cofiroute's network.

The impact of Cofiroute's activities on the air is primarily the result of pollutant gas emissions generated by the traffic using its network.

6.2.3. Circular economy

6.2.3.1. Waste management and prevention

To enhance waste management and foster the circular economy, 100% of operating centres sort all of their waste and are equipped with collection platforms. Of the 313 tonnes of hazardous waste collected in 2016 (versus 949 in 2015[(1)], 167 tonnes were recovered for reuse, and of the 2,617 tonnes of non-hazardous waste collected (versus 2,947 in 2015), 1,916 tonnes were recovered. Improved traceability, particularly through the regulatory registers introduced for non-hazardous waste, has made waste easier to track through to its elimination, reuse or waste-to-energy recovery. In addition, all rest and service areas now have selective waste collection points.

In 2016, 140,282 tonnes of recycled building materials were used for road surfaces during construction or maintenance (227,552 tonnes in 2015).

To avoid food waste, when the meal boxes provided for helping customers in the event they are stranded on the network (VINCI boxes) approach their best-before date, they are distributed to associations that help the needy.

Cofiroute does not manage any catering facilities for its customers or employees.

(1) *Reconciliation of the waste reporting processes across VINCI Autoroutes companies in 2016.*

6.2.3.2. Sustainable use of resources

Water consumption consisted of 127,978 m^3 taken from the mains supply plus 68,733 m^3 in water from wells (i.e. a total of 196,711 m^3, versus 190,186 m^3 in 2015).

As regards consumption of raw materials, building materials used for road surfaces totalled 832,832 tonnes (580,772 in 2015), including 140,282 tonnes of recycled material (227,552 tonnes in 2015).

The volume of salt used to ensure that roads are passable in winter stood at 6,182 tonnes, down from 10,269 tonnes used in 2015. Consumption levels are highly dependent on weather conditions.

Electricity consumption totalled 34,895,312 kWh in 2016, versus 36,101,181 kWh in 2015.

Diesel consumption amounted to 2,085,388 litres versus 2,242,738 litres in 2015. Photovoltaic panels installed along the Cofiroute network generated 17,468 kWh in 2015 versus 40,704 kWh in 2015.

To enhance their energy efficiency, the regional operating divisions take measures geared to local conditions (e.g. installation of centralised inverters, deployment of smart meters) or as part of an integrated approach across the Company (awareness-raising about car-sharing, incentives for using videoconferencing).

6.2.4. Climate change

In accordance with article 75 of French Act No. 2010-788 of 12 July 2010 (known as the "Grenelle 2" Act), and with Decree No. 2011-829 of 11 July 2011, Cofiroute carried out an audit of its greenhouse gas emissions in 2012 and updated it in 2015. In line with VINCI Autoroutes' sustainable development commitments, Cofiroute has taken measures to reduce its direct emissions. In 2016 emissions generated by its own activities were 10,127 tonnes of CO_2.

In addition, emissions from customer traffic were estimated at 3,123,130 tonnes of CO_2 equivalent in 2016 ☑ (3,045,564 tonnes of CO_2 equivalent in 2015 ☑).

In 2016, 42 30 km/h free flow toll lines were in service on Cofiroute's network. By eliminating stops and starts by vehicles in toll lanes, this type of electronic equipment helped to avoid 9,351 tonnes of CO_2 equivalent in emissions during 2016 ☑ (6,616 tonnes of CO_2 equivalent in 2015 ☑).

The ten car-sharing parking areas along the Cofiroute route achieved a utilisation rate of 73%.

The impact of climate change on the Company's activities has not been established to date. The measures outlined above help to curb green-house gas emissions.

6.2.5. Protection of biodiversity

Motorways criss-cross the regions and may fragment the habitat of certain species.

Cofiroute endeavours to make its infrastructure more "permeable", wherever possible. At end-2016, 322 animal crossings helped to restore the ecological continuity of natural environments.

Following the signing of a stimulus plan with the French government, planning began in 2015 on the installation of 29 animal crossings by 2018. The eight small animal crossings built in 2016 have been kept under photographic surveillance since they were completed.

The associated green spaces are maintained in keeping with the principles of selective management to foster biodiversity. In addition, Cofiroute brings in environmental engineering experts to enhance its methods for managing plant life and preserving sites of environmental interest.

Use of pesticides and herbicides is restricted and subject to the Ecophyto II 2025 reduction target. The Certiphyto training provided to the relevant staff helped to change their practices. In 2016, active substance consumption was 90% lower than in 2008. Cofiroute continued the partnership formed in 2012 with UNAF (French national beekeeping association) under the programme highlighting the contribution bees make to the environment and raising public awareness about the importance of protecting biodiversity and reducing use of plant protection products. By end-2016, 24 beehives had been set up on the Cofiroute network.

As part of its construction and operating activities, Cofiroute partners environmental protection associations to analyse sites in advance and to roll out ecological management measures or undertake public education campaigns. In 2016, 15 partnerships were put into formal agreements.

Environmental awareness campaigns targeting the general public in two of Cofiroute's zones were carried out during the peak summer period and during the programme highlighting the contribution bees make to the environment. Led by employees and run in conjunction with local not-for-profit organisations, they focused in particular on protecting biodiversity.

6.3. Information on actions supporting sustainable development

6.3.1. Community, economic and workforce-related impacts of Cofiroute's activities

In terms of employment, Cofiroute maintained its commitment to the social and solidarity-based economy by working with businesses and associations promoting social integration and protected worker organisations (maintenance of green spaces, digitisation of invoices, catering, etc.).

In 2016, Cofiroute entrusted work and services amounting to €111,820 to the protected worker sector (€136,176 in 2015) and €70,626 to the social integration sector (€104,878 in 2015).

In addition, Cofiroute, as project owner, encouraged the contractors carrying out the work to create jobs promoting social integration. On the work site for reconstructing the third lane of the A10 (Chambray-Veigné), 17,182 hours were worked by 26 beneficiaries in 2016.

Cofiroute continues its co-construction programme on its work sites with local residents, associations, local authorities, businesses and users of the motorway. Multi-year partnerships with schools were also entered into, to make schoolchildren aware of biodiversity through educational workshops and visits to sites under construction where animals are being restored to an undisturbed state (the Bas-Bry ecobridge on the A10 and the eco-ducts on the A11).

6.3.2. Relations with people and organisations affected by Cofiroute's activities, including social integration organisations, educational institutions, environmental protection associations, consumer associations and local residents

To promote environmental protection, Cofiroute sealed partnerships with environmental associations. Some of these aim to further knowledge (by performing studies and financing research), including the avian protection league, the French Nature Centre of Val de Loire, the Paris Tech chair and The Shift Project. Others run events related to the environment and biodiversity for customers and staff, including with a foundation protecting the habitat of wild animals and France's national bee-keeping union as part of its programme highlighting the contribution bees make to the environment.

In terms of road safety, Cofiroute is a member of the VINCI Autoroutes Corporate Foundation for Responsible Driving and regularly teams up with the foundation. It provides logistical support for scientific research, and its employees help to run campaigns raising customer awareness. In particular, during peak travel periods or coinciding with special events (motorcycle grand prix or 24-hour truck races), Foundation campaigns aimed at preventing drivers from driving while drowsy were held at the network's rest areas or nearby with Cofiroute's support.

In the arts field, during the *Fête de l'autoroute* that took place 22 May and as part of a partnership between VINCI Autoroutes and the Palais de Tokyo in Paris, Cofiroute featured inside the A86 Duplex a monumental work by the Argentinian artist Felipe Pantone.

Cofiroute was also the principal sponsor of the show "Wild Side Story," an original creation by the Compagnie Off, who wished to stage it at the "Zero Point" of the A10, symbolically represented by a coloured pillar located under the apron of the roadway at the junction between Tours and Saint-Pierre-des-Corps. The show was performed free of charge on 5 November 2016 to 2,000 people.

Cofiroute is also a member of the VINCI Foundation for the Community and has given an endowment to The City Factory.

In 2016 four Cofiroute employees sponsored projects by the VINCI Corporate Foundation for the City; and as part of the partnership between VINCI and the Paris Football Club, five employees sponsored students at the Paris FC Academy.

In terms of relationships with our stakeholders, Cofiroute has undertaken a co-construction programme putting to use its know-how in building constructive, sustainable relationships with neighbouring residents and players in the local area. Thus the redevelopment of the A10 between Poitiers (in Vienne) and Veigné (in Indre-et-Loire) was the subject of a call for public comment along with voluntary co-construction so as to incorporate as far as possible the wants and needs of all groups. For nearly one month, from 26 September to 22 October 2016, several opportunities were given to individuals wishing to be heard and give their opinion on the plan as part of the regulatory call for comment: a meeting with the representatives of VINCI Autoroutes, exhibits and presentations of the project on a collaborative platform (www.A10-poitiersveigne.fr), questionnaires sent to those with toll subscriptions over that section, mailers sent to local businesses and articles published in official town council bulletins. This large scale call for comment was trumpeted up and down the 93 km area by the local media and made it possible to open up a constructive, cogent dialogue with over 5,000 participants, who offered 671 contributions to the plan and 921 expressions of opinion. This voluntary co-construction effort will continue beyond the regulatory call for comment in 2017, in the form of discussions in which people active in the area can participate in the project's technical design alongside VINCI Autoroutes teams.

6.3.3. Subcontracting and suppliers

Cofiroute seeks to involve its staff, suppliers and sub-contractors in its commitment to the environment and safety. To achieve this, it includes specific requirements in all its contracts. Since June 2012, a VINCI charter relating to the commitment and overall performance of suppliers has been incorporated in all contracts in the form of an appendix.

In particular, Cofiroute has made a commitment as part of VINCI Autoroutes' "zero accident project ownership" initiative, launched in March 2012. As with staff accident prevention efforts, the aim of this initiative is to reduce workplace accidents and high-risk situations by co-operating with all entities working on sites where Cofiroute is the project owner. An action plan is in effect for the 2015-2016 period.

In this connection, 778 work site safety inspections were carried out in 2016, or 55% more than in 2015 (501). The launch of the APTE'VA programme (an acronym for "authorisation to work together at VINCI Autoroutes") resulted in the training of 1,229 employees who are now able to work on Cofiroute sites and 408 "15-minute safety breaks" were led by project owner representatives.

On the work sites where Cofiroute is the project owner, there were 11 work-related accidents (6 with lost time and 5 without) during 2016, i.e. fewer than half the accidents in 2015 (28 work-related accidents, 14 of which involved lost time and 14 did not).

6.3.4. Fair commercial practices

In 2013, VINCI rolled out the "Ensemble" manifesto re-affirming the ethical principles applicable by all its subsidiaries right around the world.

In addition, the "Global Performance Commitments" charter, annexed to all contracts with all the relevant principles laid down in a specific contract clause, states Cofiroute's commitments and those of its service provider to uphold the principles laid down in the United Nations Global Compact, Human Rights, labour standards, fair competition and anti-corruption measures.

Lastly, initiatives taken by the VINCI Autoroutes Foundation for Responsible Driving helped to improve the safety of Cofiroute's customers.

The information selected by the Company and identified by the symbol ☑ was subject to further confirmation and given a rating of "reasonably reliable" by the independent third-party organisation KPMG S.A.

6.3.5. Other measures in connection with No. 3 herein, to support human rights

No further action than previously mentioned was undertaken by Cofiroute during 2016.

6.4. Modernisation of toll stations and development of electronic toll payment

6.4.1. Free-flow toll systems

The number of electronic toll transactions grew by over 5.9% in 2016, bringing the share of electronic toll transactions up to 46.9% in 2016 from 45.4% in 2015. In November 2016 this share reached 50.8%, becoming in that month the leading form of payment used for tolls.

The four La Gravelle free-flow lanes will be opened as planned in the first quarter of 2017. By then, all of the all-lane toll stations will be equipped for free-flow, bringing their number to 45.

6.4.2. Toll station modernisation programme

The station modernisation programme that ended in 2016 has made it possible to process all transactions automatically (there were fewer than 60,000 manual transactions in 2016) including at the St Arnoult station, entering Paris.

This increase in automatic lanes was accompanied by improvements still in progress to the electronic toll operations that are due to arrive in 2017 in a single tele-assistance zone covering the entire concession.

This programme will be accompanied in 2016-17 by greater video coverage in the highest-traffic lanes and be followed by machine reading of registration plates to reduce electronic solicitations and meet the need for increased traceability of flows (such as trip times).

7. Financing

To meet the financing needs of the year, Cofiroute issued two bonds with a face value of €1,300 million.

At 31 December 2016, Cofiroute's available cash resources amounted to €309.1 million, comprising €190.9 million in net cash under management, including a current account intra-group financing of €200,5 million and €500 million in the form of an undrawn medium-term syndicated loan.

Net financial debt stood at €4,115.2 million at 31 December 2016, of which 50% was indexed to a fixed rate and 50% at a variable rate.

8. Research and development

The Company did not conduct any research and development activities during 2016.

9. Subsidiaries and affiliated companies

9.1. Toll Collect

Toll Collect GmbH (TC) is a German company owned by Cofiroute (10%), Daimler Financial Services (DFS) (45%) and Deutsche Telekom (DT). Until August 2018 TC is the holder of a contract with the German Bund to operate a satellite-based toll payment service for HGVs of 7.5 tonnes or more on the 12,900 km motorway network and on 2,350 km of the German national trunk road network.

After over eight months of negotiating the renewal, the MAB 40K contract for the construction and installation of a system to extend the means of applying the heavy vehicle tax over the 40,000 km of the Federal network was signed by the Bund on 26 June 2016. The facility is expected to be in service by 1 July 2018.

The request for bids to operate Toll Collect after 2018 has been issued. It is calling for a 12-month operating contract. VINCI plans to respond with Daimler and Telekom. The plan includes submitting motor coaches and vehicles weighing over 3.5 tonnes to the Maut as well as varying tariffs by time of day and geographic zone.

At 31 October 2016 the number of lorries with an on-board unit (OBU) was 1,027,900 as compared to 950,000 at end-2015.

Toll collections in Germany in 2016 are expected to be greater than the €4.38 billion of 2015, particularly with the €198 million impact of the change from 12 tonnes to 7.5 tonnes. Kilometres travelled are much higher than in 2015.

Toll Collect GmbH reported the following results for its latest financial year (from 1 September 2015 to 31 August 2016):

- revenue €502 million;
- EBIT €149 million.

In the arbitration initiated by the Bund, the most recent meetings concerning the SGV I and II in January and June 2016 made no progress in the matter. It does appear, however, that Daimler/Telekom and the Bund want to complete the arbitration proceedings so as not to impede the call for tenders process for operating the system after 2018.

In any case, this dispute is unlikely to affect Cofiroute's financial statements, since the upper limit on its financial contribution to the project was reached in December 2004.

10. Separate IFRS statements

10.1. Revenue

Pursuant to IFRIC 12 on service concession arrangements, consolidated revenue includes operating revenue, i.e. toll receipts, and construction revenue from building infrastructure facilities on behalf of the government.

Consolidated operating revenue grew by 4.4% to €1,363.5 million in 2016 from €1,306.4 million in 2015.

Construction revenue rose by 16.4% to €94.1 million from €80.9 million in 2015. This amount corresponds precisely to the construction work outsourced, as Cofiroute does not apply any mark-up on its project management activities.

Total revenue (operation/construction) amounted to €1,457.7 million, compared with €1,387.3 million in 2015.

10.2. EBITDA

EBITDA came to €1,012.7 million in 2016, up from €961.1 million in 2015, representing an increase of €51.6 million or 5.4% on 2015 on the back of revenue growth of 4.4% and further efforts to reduce operating expenses. EBITDA amounted to 74.3% of revenue compared with 73.6% in 2015.

10.3. Operating income

Operating income rose by 10.2% to €785.6 million as against €712.7 million in 2015.

10.4. Net financial expense

Net financial expense rose by €4.6 million to -€108.8 million in 2016 from -€113.4 million in 2015. This rise was the product of a €7.2 million reduction in the net cost of debt offset by a €2.6 million increase in the cost of discounting of long-term provisions.

10.5. Net income

Income tax expense increased by €23.3 million to -€200 million. This decline was primarily attributable to the non-recurring change in deferred taxes of €31.1 million and the -€7.8 million impact of improvement in taxable net income.

Net income came to €476.8 million, up €100.9 million compared with the €375.9 million recorded in 2015.

10.6. Balance sheet

Net financial debt stood at €4,115.2 million at 31 December 2016, up from €1,856.3 million at 31 December 2015 as a result of paying interim dividends of €2,806.2 for 2016.

11. Group management report

Pursuant to article L.233-16 I of the French Commercial Code, the information provided in the Group's management report is available below.

The main indicators continued to improve despite a weak economic recovery in France and low interest rates dragging down the bottom line, and overall net income grew by 18.6% on its 2015 level.

(in € millions)	2016	2015	2014	2013	2012
Operating revenue	1,363.5	1,306.4	1,283.6	1,241.4	1,208.5
Revenue – construction of new infrastructure assets under concession	94.1	80.9	100.3	109.4	128.0
Total revenue	**1,457.7**	**1,387.3**	**1,383.9**	**1,350.8**	**1,336.5**
Net income attributable to owners of the parent	**476.8**	**375.9**	**337.0**	**302.4**	**294.0**
Net financial debt	**(4,115)**	**(1,856)**	**(2,374)**	**(2,857)**	**(2,877)**

12. Parent company financial statements

The parent company financial statements were prepared in accordance with the same principles and methods as in 2015.

12.1. Income statement

Revenue rose by €57.2 million or +4.4% to €1,363.5 million.

Operating income grew by 11.7%, with a drop in operating expenses, excluding taxes that rose by 4.6%. Depreciation, amortisation and provisions fell €8.5 million over the year, owing to the impact of lengthening the concession period to a full year on special concession depreciation and amortisation after the signing of the stimulus plan, and to the variation in provision for maintaining concession assets in good condition as work is brought on line.

Net income totalled €449.5 million, up just 17.0% or €65.3 million compared with the 2015 figure of €384.2 million as a result of an improved operating performance.

12.2. Five-year performance

In accordance with article R.225-102 of the French Commercial Code, the following table shows the Company's results over the past five years:

(in €)

Type of information	2012	2013	2014	2015	2016
1. Financial position at year-end					
• Share capital	158,282,124	158,282,124	158,282,124	158,282,124	158,282,124
• Number of shares outstanding	4,058,516	4,058,516	4,058,516	4,058,516	4,058,516
2. RESULTS OF OPERATIONS					
• Revenue	1,199,909,744	1,233,871,062	1,271,951,368	1,306,366,245	1,363,549,599
• Income before tax, profit-sharing, amortisation and provisions	736,694,366	783,715,694	838,273,912	875,091,942	918,844,493
• Corporate income tax at 33.33%(33,33)	161,773,165	173,580,830	186,603,823	202,117,413	234,579,314
• Additional corporate income tax	13,401,941	24,276,095	26,099,356	28,271,259	7,715,938
• Income after taxes, employer contributions, profit-sharing, amortisation and provisions	303,038,982	308,830,452	347,019,977	384,197,177	449,538,878
• Distributed earnings	294,242,410	133,525,176			2,917,261,301
• Long-term debt	3,285,184,837	3,248,486,100	3,178,892,481	2,618,534,505	3,862,563,137
• Cost of concession	8,646,681,154	8,780,536,031	8,914,306,897	9,013,567,871	9,026,995,021
3. OPERATING EARNINGS PER SHARE					
• Income after tax and profit-sharing but before amortisation and provisions	136.91	140.90	153.32	158.00	165.68
• Income after tax and profit-sharing, amortisation and provisions	74.67	76.09	85.50	94.66	110.76
• Dividend per share	72.50	32.90	0.00	0.00	718.80
4. Employee information					
• Average number of employees during the year	1,710	1,638	1,560	1,482	1,455
• Total payroll	71,101,334	65,375,427	60,448,192	57,694,572	55,685,936
• Total amount paid in respect of employee benefits	34,296,494	37,905,113	35,366,232	34,447,855	33,735,150

12.3. Proposed appropriation of 2016 income

We propose the following appropriation of income:

Net earnings available	449,538,878
Retained earnings from previous year	2,476,341,128
Earnings available for distribution	2,925,880,005
Allocation to the statutory reserve	-
Interim dividend payment of 7 September 2016	1,314,147,481
Interim dividend payment of 15 December 2016	1,492,032,237
Proposal for the payment of remaining dividends	111,081,583

The dividend distribution presented here equals a dividend of €718.80 per share for each of the 4,058,516 shares, i.e.:

- per the decision of the Board of Directors of 27 July 2016, a €323.80 per share interim dividend will be made, representing €1,314,147,481 paid on 7 September 2016;
- per the decision of the Board of Directors of 8 December 2016, a €367.63 per share interim dividend will be made, representing €1,492,032,237 paid on 15 December 2016.

We propose to you that the remaining €27.37 per share be paid, representing €111,081,583.

In application of article 243 bis of the French General Tax Code, the following dividends have been paid out with respect to the past three financial years.

Dividend in respect of 2015

- No dividend distribution.

Dividend in respect of 2014

- No dividend distribution.

Dividend in respect of 2013

- dividends not eligible for the 40% allowance: €133,525,176.

The Statutory Auditors shall provide in their report their conclusions on their audit and the specific verifications required by law.

13. Information on payment periods

In accordance with the requirements of the French Act on the modernisation of the economy (LME) of 4 August 2008, and its implementing Decree No. 2008-1492 of 30 December 2008, the breakdown of outstanding trade payables by due date at the close of the past two financial years is shown below:

	Due date in less than30 days	Due date between 30 and 60 days	Other due dates
2016	7.8	0.0	-
2015	12.3	0.5	-

The following disclosures are provided concerning payment periods to the Company's customers in accordance with the provisions of article L.441-6-1 of the French Commercial Code as amended by Law No. 2014-344 of 17 March 2014:

(in € millions)	Cash and cash equivalents	Due date of less than 30 days	Due date in over 30 days
Amount of 2015 toll revenue	647.9	640.3	3.6
Amount of 2016 toll revenue	645.2	696.7	3.3

14. Significant post-balance sheet events

Toll rates on the A86 Duplex increased on 1 January 2017 pursuant to the Interministerial Decree of 22 December 2016. The rate schedule for the interurban network was submitted for approval to the State on 17 December 2016 in light of the toll rate increases as of 1 February 2017. The schedule calls for a 0.57% increase for class 1, 0.8% for class 2, 1.8% for class 3, 0.6% for class 4 and 0.6% for class 5.

15. Changes in the Company's business, earnings and financial position

In accordance with article L.225-100 of the French Commercial Code, an analysis of changes in the Company's business, earnings and financial position is provided below.

Concession contracts with remaining terms of 17.5 years for the interurban network and 70 years for the A86, as well as the master contracts signed with the French government, give Cofiroute good visibility on its business outlook and help to drive its financial performance.

Cofiroute's major risks include the dependency of toll revenue on users' acceptance of toll prices and on trends in traffic. Heavy vehicle traffic shows correlation with economic activity and, to a lesser extent, light vehicle traffic shows correlation with consumer spending and retail fuel prices.

The level of financial debt (€4,115 million) should be considered in light of the investments made to build the concession motorway network, i.e. net value of €4,757 million, and the recurrence of strong cash flows. Cofiroute's debt management policy addresses the financial risk resulting from this level of debt, and includes the use of financial instruments. This policy and the prudential rules applied are described in Notes to the IFRS separate financial statements disclosing information on net financial debt and financial risk management.

16. Agreements covered by article L.225-38 of the French Commercial Code.

No agreement referred to in article L.225-38 of the French Commercial Code needed approval in 2016.

In addition, the meeting of 8 December 2016 of the Board of Directors de-classified the agreements authorised in prior years since they were arms-length agreements concerning current operations.

17. Agreements between a senior executive or major shareholder and a subsidiary

No agreements were entered into between a senior executive or major shareholder, on the one hand, and a subsidiary of the Company, on the other hand, falling within the scope of article L.225-102-1 of the French Commercial Code during 2016.

18. Share buyback programme

No authorisations to buy back company shares were granted at the General Shareholders' Meeting.

19. Information on corporate officers

Pursuant to article L.225-102-1 paragraph 4 of the French Commercial Code, the list of each corporate officer's appointments and terms of office held in 2016 is shown in Appendix 1 of this report.

20. Remuneration of corporate officers

In accordance with the provisions of Article L. 225-102-1 of the French Commercial Code, we hereby report on the total remuneration and benefits paid during the period to Marc Bouron, Chief Executive Officer, by the Company and by the companies it controls within the meaning of Article L. 233-16 of the French Commercial Code, and by the company that controls your Company.

Remuneration paid during the period

Fixed remuneration	€140,000
Variable remuneration	€70,000
Directors' fees	-
Benefits in kind(*)	€2,335

(*) Mr Bouron had a company car at his disposal in 2016.

Performance share plans

Number of plan	**AP 2016**
Date of plan	**19/04/2016**
Number of shares	4,500
Value of shares based on the method used for the consolidated financial statements	€252,765
Vesting date	19/04/2019
End of lock-up period	19/04/2019
Continued employment condition	yes

Stock options granted during the period

Marc Bouron did not receive any allotment of stock options in 2016.

Share subscription and purchase options exercised during the period

Number of plan	**2012 plan**
Date of plan	**12/04/2012**
Type of option	Simple exercise of options
Number of options exercised during the year	7,000
Exercise price	39.04

Further details about the total remuneration and benefits of any kind paid during the year to Xavier Huillard and Pierre Coppey, who are corporate officers of VINCI, are disclosed in VINCI's report.

21. Information likely to have an impact in the event of a public offering

Pursuant to article L.225-100-3 of the French Commercial Code, the following points may have an impact in the event of a public offering.

Ownership of Cofiroute's share capital at 31 December 2016 was as follows:

- VINCI Autoroutes 65.33%;
- Cofiroute Holding 34.65%;
- Others 0.00015%.

To the knowledge of the members of the Board of Directors, there is no information likely to have an impact in the event of a public offering.

22. Employee share ownership

Pursuant to article L.225-102 of the French Commercial Code, we report that employees hold no equity in the Company.

23. Observations of the Works Council

Pursuant to article L.2323-8 of the French Labour Code (*Code du Travail*), all documents submitted at the General Shareholders' Meeting are sent to the works council.

The Works Council did not make any observations about the Company's economic and social position.

24. Report on internal control and Statutory Auditors' reports

The report drafted by the Chairman of the Board of Directors, in compliance with article L.225-37 of the French Commercial Code, on the preparation and organisation of the Board's work and the Company's internal control and risk management procedures, is appended to the management report, together with the report of the independent third party on the consolidated employee-related, environmental and social data.

The Statutory Auditors' report provides further details on the audit performed. Appended to this is a report on their observations relating the Chairman's report.

The Board of Directors

Appendix to the Board of Directors' management report

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REPORT BY ONE OF THE STATUTORY AUDITORS **28**

A. Terms of office and duties of corporate officers

Offices of Pierre COPPEY from 01/01/2016 to 31/12/2016

Offices held within the VINCI group in France

Company	Positions held	Representing	Start date	End date
VINCI	Deputy CEO		20/06/2016	
VINCI	Chief Operating Officer		15/04/2014	20/06/2016
VINCI	Member of the Management and Coordination Committee			
VINCI	Member of the Executive Committee		01/07/2009	
AUTOROUTES DU SUD DE LA FRANCE (ASF)	Chairman of the Board of Directors		01/07/2009	
VINCI CONCESSIONS	Chairman		18/04/2014	20/06/2016
COFIROUTE	Director governed by a Board of Directors		18/12/2007	
COFIROUTE	Chairman		30/04/2009	
CONSORTIUM STADE DE FRANCE	Director governed by a Board of Directors		07/05/2014	
CONSORTIUM STADE DE FRANCE	Chairman and Chief Executive Officer		22/11/2016	
ARCOUR	Director governed by a Board of Directors		26/11/2004	
ARCOUR	Chairman		03/12/2009	
Indigo Infra	Member of the Supervisory Board		04/06/2014	27/09/2016
RADIO VINCI AUTOROUTES	Chairman		02/05/2011	
VINCI CONCESSIONS VIA RUSSIE	Member of the Executive Committee		27/05/2014	20/06/2016
SOC 15	Chairman		18/04/2014	20/06/2016
VINCI AUTOROUTES	Chairman		10/02/2010	
VINCI STADIUM	Chairman		18/04/2014	
LISEA	Member of Advisory Committee			20/06/2016
VINCI AUTOROUTES SERVICES	Chairman		17/11/2010	
NICE ECO STADIUM	Ex officio member of the Supervisory Board		30/09/2016	
LA FABRIQUE DE LA CITÉ	Director governed by a Board of Directors		16/11/2010	
LA FABRIQUE DE LA CITÉ	Member of the Management & Coordination Committee		21/01/2016	
LA FABRIQUE DE LA CITÉ	Member of the Scientific Committee		05/03/2015	21/01/2016
LA FABRIQUE DE LA CITÉ	Chairman of the Board of Directors		30/04/2015	21/01/2016
VINCI AUTOROUTES FOUNDATION FOR RESPONSIBLE DRIVING	Chairman		07/04/2011	
STADE BORDEAUX ATLANTIQUE	Ex officio member of the Supervisory Board		30/09/2016	
INFRA FOCH TOPCO	Member of the Investments Committee		04/06/2014	27/09/2016
VINCI AUTOROUTES PROJETS 3	Chairman		08/12/2016	
VINCI AUTOROUTES PROJETS 4	Chairman		08/12/2016	

Offices held within the VINCI group outside France

Company	Positions held	Representing	Start date	End date
SOCIÉTÉ CONCESSIONNAIRE DE L'AÉROPORT	Director		01/07/2014	20/06/2016
CAMBODIA AIRPORT MANAGEMENT SERVICES LTD	Director		01/10/2014	20/06/2016
GRANVIA, a.s.	Member of the Supervisory Board			20/06/2016
AEROPORTOS DE PORTUGAL SA	Administrador		04/07/2014	20/06/2016
Kansai Airports	Director		21/04/2016	30/06/2016

Offices held as permanent representative within the VINCI group in France

Company represented	Positions held	At company	Start date	End date
AUTOROUTES DU SUD DE LA FRANCE (ASF)	Director governed by a Board of Directors	SOCIÉTÉ DES AUTOROUTES ESTEREL CÔTE D'AZUR PROVENCES ALPES	25/07/2014	
VINCI AUTOROUTES	Director and Founding member	VINCI AUTOROUTES FOUNDATION FOR RESPONSIBLE DRIVING	14/03/2011	

Pierre Coppey is also Chairman of the Aurore Association and was Chairman of the Association des Sociétés Françaises d'Autoroutes until June 2016.

Offices of Marc Bouron from 01/01/2016 to 31/12/2016

Offices held within the VINCI group in France

Company	Positions held	Representing	Start date	End date
COFIROUTE	Chief Executive Officer		11/12/2014	
ARCOUR	Director governed by a Board of Directors		25/02/2011	
ARCOUR	Chief Executive Officer		03/12/2009	
VINCI AUTOROUTES FOUNDATION FOR RESPONSIBLE DRIVING	Vice-Chairman		13/06/2014	
JARDIN DE LA VOIE ROMAINE	Chairman		10/03/2010	
ARCOS	Chairman		27/11/2015	
VINCI AUTOROUTES ALSACE	Chairman		01/12/2015	

Offices held as permanent representative within the VINCI group in France

Company represented	Positions held	At company	Start date	End date
COFIROUTE	Director and Founding member	VINCI AUTOROUTES FOUNDATION FOR RESPONSIBLE DRIVING	13/06/2014	
VINCI AUTOROUTES	Director governed by a Board of Directors	JARDIN DE LA VOIE ROMAINE	10/03/2010	

Offices of Xavier Huillard from 01/01/2016 to 31/12/2016

Offices held within the VINCI group in France

Company	Positions held	Representing	Start date	End date
VINCI	Director governed b y a Board of Directors		09/01/2006	
VINCI	Member of the Management and Coordination Committee		12/11/2007	
VINCI	Chairman and Chief Executive Officer		06/05/2010	
VINCI	Chairman of the Executive Committee		09/01/2006	
VINCI CONCESSIONS	Chairman		20/06/2016	
VINCI FOUNDATION FOR THE COMMUNITY	Chairman		26/06/2006	

Offices held within the VINCI group outside France

Company	Positions held	Representing	Start date	End date
VINCI Deutschland GmbH	Vorsitzender des Aufsichtsrats		16/06/2003	
Kansai Airports	Director		21/04/2016	

Offices held outside the Group in France

Company	Positions held	Representing	Start date	End date
INSTITUT DE L'ENTREPRISE	Chairman		18/01/2011	
AURORE	Vice-Chairman		01/01/2004	

Offices held as permanent representative within the VINCI group in France

Company represented	Positions held	At company	Start date	End date
VINCI	Director governed by a Board of Directors	VINCI ENERGIES S.A.	23/08/2006	
VINCI	Director governed by a Board of Directors	AÉROPORTS DE PARIS	15/07/2014	
VINCI	Director governed by a Board of Directors	LA FABRIQUE DE LA CITÉ	16/11/2010	
VINCI	Manager	SIGNAU	24/08/2006	
SOCIÉTÉ NOUVELLE DE L'EST DE LYON	Director governed by a Board of Directors	AUTOROUTES DU SUD DE LA FRANCE (ASF)	23/03/2006	
VINCI AUTOROUTES	Director governed by a Board of Directors	COFIROUTE	28/07/2011	

Offices of Sébastien Morant from 01/01/2016 to 31/12/2016

Offices held within the VINCI group in France

Company	Positions held	Representing	Start date	End date
VINCI	Member of the Management and Coordination Committee		12/11/2007	
AUTOROUTES DU SUD DE LA FRANCE (ASF)	Chief Executive Officer		25/07/2014	
SOCIÉTÉ DES AUTOROUTES ESTEREL CÔTE D'AZUR PROVENCES ALPES	Director governed by a Board of Directors		25/07/2014	
SOCIÉTÉ DES AUTOROUTES ESTEREL CÔTE D'AZUR PROVENCES ALPES	Chairman of the Board of Directors		25/07/2014	
VINCI AUTOROUTES	Chief Executive Officer		24/07/2014	
VINCI AUTOROUTES RHONE-ALPES	Chairman		07/03/2016	
VINCI AUTOROUTES PROJETS 2	Chairman		07/03/2016	

Offices held as permanent representative within the VINCI group in France

Company represented	Positions held	At company	Start date	End date
VINCI	Director governed by a Board of Directors	SOCIÉTÉ MARSEILLAISE DU TUNNEL PRADO CARENAGE	15/09/2014	
AUTOROUTES DU SUD DE LA FRANCE (ASF)	Director and Founding member	VINCI AUTOROUTES FOUNDATION FOR RESPONSIBLE DRIVING	12/12/2012	
VINCI CONCESSIONS	Director governed by a Board of Directors	AUTOROUTES DU SUD DE LA FRANCE (ASF)	25/07/2014	
SOCIÉTÉ NOUVELLE DE L'EST DE LYON	Member of the Supervisory Board	SOCIÉTÉ PRADO SUD	15/09/2014	
VINCI AUTOROUTES SERVICES	Director governed by a Board of Directors	COFIROUTE	20/03/2015	

Offices of Patrick PRIAM from 01/01/2016 to 31/12/2016

Offices held within the VINCI group in France

Company	Positions held	Representing	Start date	End date
NICE ECO STADIUM	Ex officio member of the Supervisory Board		30/09/2016	

Offices held within the VINCI group outside France

Company	Positions held	Representing	Start date	End date
VINCI USA. Holdings Inc	Director		06/04/2005	

Offices held as permanent representative within the VINCI group in France

Company represented	Positions held	At company	Start date	End date
VINCI CONCESSIONS	Director governed by a Board of Directors	COFIROUTE	11/12/2014	08/12/2016
VINCI CONCESSIONS	Director governed by a Board of Directors	CONSORTIUM STADE DE FRANCE	02/11/2016	
VINCI AUTOROUTES	Director governed by a Board of Directors	ARCOUR	02/09/2014	

Offices of Henri Stouff from 01/01/2016 to 31/12/2016

Offices held within the VINCI group in France

Company	Positions held	Representing	Start date	End date
AUTOROUTES DU SUD DE LA FRANCE (ASF)	Director governed by a Board of Directors		10/12/2007	
COFIROUTE	Director governed by a Board of Directors		24/02/2010	
ARCOUR	Director governed by a Board of Directors		29/04/2011	
SOCIÉTÉ DES AUTOROUTES ESTEREL CÔTE D'AZUR PROVENCES ALPES	Director governed by a Board of Directors		27/08/2009	

Offices of Bernard HUVELIN from 01/01/2016 to 31/12/2016

Offices held within the VINCI group outside France

Company	Positions held	Representing	Start date	End date
VINCI FINANCE INTERNATIONAL	Director governed by a Board of Directors		31/12/2012	
VINCI FINANCE INTERNATIONAL	Chairman		28/01/2013	

Offices held outside the Group in France

Company	Positions held	Representing	Start date	End date
SOFICOT (SAS)	Director governed by a Board of Directors		15/03/2002	

Offices held outside the Group abroad

Company	Positions held	Representing	Start date	End date
COFIDO	Director governed by a Board of Directors		01/01/1950	

Offices held as permanent representative within the VINCI group in France

Company represented	Positions held	At company	Start date	End date
SEMANA	Director governed by a Board of Directors	AUTOROUTES DU SUD DE LA FRANCE (ASF)	09/09/2014	
COFIROUTE HOLDING	Director governed by a Board of Directors	COFIROUTE	25/02/2008	

Offices of Patrick Faure from 1/1/2016 to 31/12/2016

Offices held within the VINCI group in France

Company	Positions held	Representing	Start date	End date
COFIROUTE	Director governed by a Board of Directors		12/05/2003	

Patrick Faure is also a director of Luxembourg-registered Waterslim and Winslim.

Offices of Pierre Trotot from 01/01/2016 to 31/12/2016

Offices held within the VINCI group in France

Company	Positions held	Representing	Start date	End date
AUTOROUTES DU SUD DE LA FRANCE (ASF)	Director governed by a Board of Directors		22/09/2015	
COFIROUTE	Director governed by a Board of Directors		10/09/2015	

Offices of Ms. Natasha VALLA from 01/01/2016 to 31/12/2016

Offices held within the VINCI group in France

Company	Positions held	Representing	Start date	End date
AUTOROUTES DU SUD DE LA FRANCE (ASF)	Director governed by a Board of Directors		23/03/2016	
COFIROUTE	Director governed by a Board of Directors		22/01/2016	

Offices held outside the Group in France

Company	Positions held	Representing	Start date	End date
LVMH	Director governed by a Board of Directors			
ACCOR HOTELS	Director governed by a Board of Directors			

Offices of Ms. Marianne LAIGNEAU from 01/01/2016 to 31/12/2016

Offices held within the VINCI group in France

Company	Positions held	Representing	Start date	End date
AUTOROUTES DU SUD DE LA FRANCE (ASF)	Director governed by a Board of Directors		23/03/2016	
COFIROUTE	Director governed by a Board of Directors		24/03/2016	

Offices held outside the Group in France and abroad

Company	Positions held	Representing	Start date	End date
Electricité de Strasbourg (SA)	Director governed by a Board of Directors			
VINCI CORPORATE	Director governed by a Board of Directors			
Banque de France	Director governed by a Board of Directors			
Enedis (Company with Executive Committee and Supervisory Board)	Supervisory Board Member			
EDF Trading Ltd (United Kingdom)	Director governed by a Board of Directors			
EDF Energy Holdings Ltd (United Kingdom)	Director governed by a Board of Directors			
NNB Holdings Company (HPC) Limited	Director governed by a Board of Directors			

B. Methodological note on Cofiroute's employee-related, social and environmental reporting

1. Procedures

The procedures applied by Cofiroute in its reporting are those established by the VINCI group and company-specific procedures. The latter include Cofiroute's procedures for its annual employee-related, environmental and social reporting.

Cofiroute reports extra-financial data for the financial year from 1 January to 31 December. The reporting period for employee-related data is the calendar year. The reporting period for environmental data runs from 1 October to 30 September, with reporting carried out at monthly, quarterly and annual intervals depending on the indicator (only data for the provisions for environmental risks applies to the period from 1 January to 31 December in year N). This practice complies with the VINCI group's reporting procedures.

2. Scope

The scope of environmental, employee-related and social reporting in this management report encompasses all of Cofiroute's activities.

3. Methodological clarifications and limitations

The methodologies used for certain employee-related, environmental and social indicators may have certain limitations arising from:

- changes in definitions, which may affect their comparability;
- changes in the scope of activities from one year to the next;
- arrangements used to compile and enter this data.

Accordingly, the following points should be taken into consideration:

- CO_2 emissions by customers on our motorways the indicator used for CO_2 emissions by customers on our motorways is calculated with a computer application developed by the *Association des Sociétés Françaises d'Autoroutes* – ASFA (2010 version updated in 2014 for heavy vehicles). This application uses the ARTEMIS model for assessing pollutants and factors in the kilometres travelled by customers (paying or not) over the network during the financial year. The speed profile per vehicle class used is the 130 km/h profile configured by default in the tool, and traffic is assumed to be completely fluid. The calculation does not factor in the impact of inclines or radar speed controls. The toll's sphere of influence is assumed to be 0.1 km. The network is assumed to be interurban in its entirety;
- CO_2 emissions avoided thanks to the 30 km/h toll lanes. The fuel savings from driving through electronic tolls were validated by an independent research firm and shared with the ASFA in 2012:
  - for light vehicles: 0.03 L of fuel saved per each use of the lane,
  - for heavy vehicles: 0.3 L of fuel saved per each use of the lane.

CO_2 savings are calculated using the assumption that all vehicles run on diesel fuel. Emissions due to combustion and upstream emissions are recorded.

4. Internal control and external verification

The internal control framework is defined in the procedures referred to in section 1.

In accordance with external verification-related amendments made to the French Commercial Code in 2013, Cofiroute requests an opinion providing moderate assurance on the completeness and fair presentation of its management report and the employee-related, environmental and social data it contains from the independent third party it has appointed. It also requests an opinion providing reasonable assurance on the data concerning the frequency and severity of lost-time workplace accidents and greenhouse gas emissions averted by the introduction of free-flow toll lanes and greenhouse gas emissions by motorway customers.

Report by one of the Statutory Auditors

designated as an independent third party on the employee-related, environmental and social data contained in the management report

For the year ended 31 December 2016

COFIROUTE SA

Registered office: 12-14 rue Louis Blériot – 92500 Rueil-Malmaison Cedex

Share capital: €158,282,124.08

To the Shareholders,

In our capacity as COFIROUTE S.A.'s Statutory Auditor and designated independent third party, accredited by COFRAC under No. 3-1049 we hereby report to you on the employee-related, environmental and social data in respect of the financial year ended 31 December 2016 contained in the management report (hereinafter the "CSR Data"), in accordance with article L.225-102-1 of the French Commercial Code.

Responsibilities of the Company

The Board of Directors is responsible for producing a management report containing the CSR Data provided for in article R.225-105-1 of the French Commercial Code, prepared in line with the protocols used by the Company (the "Guidelines"). A summary of these is contained in the management report and is available upon request at the Company's registered office.

Independence and quality control

Our independence is enshrined in the regulations, our professional code of conduct and in the provisions laid down in article L.822-11-3 of the French Commercial Code. In addition, we have put in place a system of quality control encompassing documented policies and procedures to ensure we abide by the code of conduct rules and the applicable law and regulations.

Responsibility of independent third party

Based on our procedures, our role is to:

- certify that the CSR Data required is disclosed in the management report or, where omitted, is explained in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation of inclusion of the CSR Data);
- express a conclusion providing moderate assurance that the CSR Data as a whole is fairly presented in all material respects in line with the Guidelines (reasoned opinion on the fair presentation of the CSR Data);
- express, at the request of the Company, a conclusion providing reasonable assurance that the information selected by the Company and identified with the sign in chapter ☑ of the management report has been prepared, in all material respects in line with the Guidelines (Reasonable insurance report on a selection of CSR information).

Our work mobilised the skills of four people and was conducted between October 2016 and February 2017 over a period of around five weeks. To assist us in the performance of our procedures, we called on CSR specialists.

We performed our work in accordance with the Decree of 13 May 2013 determining the conditions in which the independent third party performs its mission as well as the professional doctrine of France's official Statutory Auditors' representative body (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement and, for the reasoned opinion on fairness and reasonable assurance, with the international standard ISAE 3000[1].

[1] *ISAE 3000 – Insurance commitments other than audits or reviews of historical financial information.*

1. Certification of inclusion of CSR Data

Based on meetings with the relevant heads of department, we apprised ourselves of the sustainable development priorities as a function of the employee-related and environmental implications of the Company's activities and its social commitments plus, where appropriate, the resulting initiatives and programmes.

We compared the CSR Data contained in the management report with the list of requirements in article R.225-105-1 of the French Commercial Code.

Where certain information is missing, we made sure that explanations are provided in accordance with the provisions of article R.225-105 paragraph 3 of the French Commercial Code.

Conclusion

Based on this work, we certify that the requisite CSR Data is included in the management report.

2. Reasoned opinion on the fair presentation of the CSR Data

Nature and scope of the work

We conducted six interviews with those responsible for preparing the CSR Data in the departments in charge of the data compilation processes and, where appropriate, responsible for the internal control and risk management procedures, to:

- assess the appropriateness of the Guidelines in respect of their degree of relevance, completeness, reliability, neutrality and comprehensibility, while taking into consideration best practices in the sector, where such exist;
- ensure that a collection, compilation, processing and control process exists safeguarding the completeness and consistency of the CSR Data, and familiarise ourselves with the internal control and risk management procedures used to prepare the CSR Data.

We determined the nature and scope of the tests and controls as a function of the nature and volume of CSR Data with regard to the Company's characteristics, employee-related and environmental imperatives arising from its activities, its sustainable development priorities and best practices in the sector.

With regard to the CSR Data that we considered to be most significant and that is listed in the tables below:

- at the level of the entity, we viewed the documentary sources and conducted interviews to corroborate the qualitative data (organisation, policies, actions), carried out analytical procedures on the quantitative data and verified the data calculations and consolidation using samples, and ensured they are coherent and consistent with the other data contained in the management report;
- at the level of a representative sample of entities that we selected[1] based on their activities, their contribution to the indicators, their positions and a risk analysis, we held meetings to ensure procedures were applied correctly and identify possible omissions and conducted detailed tests based on sampling to check the calculations performed and reconcile the data from supporting documents. The sample selected covers 100% of the workforce considered as characteristic size of the social aspect, and between 14% and 53% of the environmental data considered as the characteristic size of the environmental aspect.

Employee-related indicators	Level of assurance
Lost-time occupational accident frequency rate	Reasonable
Occupational accident severity rate	
End-of period workforce and breakdown by gender, age bracket and geographical region	Moderate
Total permanent hires	
Total departures of permanent employees, o/w redundancies	
Number of training hours	
Fraction of employees trained	
Number of occupational illnesses	
Total number of days of absence	
Number of staff with disabilities	

(1) *Employee-related information: COFIROUTE registered office.*

Environmental indicators	Level of assurance
Greenhouse gas emissions averted by 30 km/h free-flow toll lanes	Reasonable
Greenhouse gas emissions linked to customer traffic	
ISO 14001 certified motorway kilometres	Moderate
Electricity consumption	
Diesel consumption	
Greenhouse gas emissions (scopes 1 and 2)	
Consumption of water purchased and drilled	
Hazardous waste recovered	
Non-hazardous waste recovered	

Qualitative information	
Employee-related issues	Health and safety conditions in the workplace
	Respect for the freedom of association and right to collective bargaining
Environmental issues	Measures taken to prevent, reduce or mitigate emissions and discharges into the air, water and soil seriously affecting the environment
	Measures taken to protect or foster biodiversity
Social issues	Community, economic and workforce-related impacts of the Company's activities
	Relations with people and organisations affected by the Company's activities
	Sub-contractors and suppliers

We also assessed whether the other CSR Data is consistent with our knowledge of the Company.

Lastly, we assessed the relevance of the explanations given concerning the total or partial lack of certain data, where appropriate.

We believe that the sampling methods and sample sizes that we adopted based on our professional judgement allow us to express an opinion providing moderate assurance. A higher level of assurance would have required a more extensive review. Given the use of sampling techniques and other limitations inherent in the operation of any information and internal control system, the risk of a material misstatement not being detected in the CSR Data cannot be completely discounted.

Conclusion

Based on our review, we did not identify any material misstatements likely to call into question the fair presentation of the CSR Data taken as a whole, in line with the Guidelines.

3. Report providing reasonable assurance on a selection of CSR Data

Nature and scope of the work

With regard to the information selected by the Company and identified using the sign ☑, we performed procedures of the same type as those outlined in paragraph 2 above for the CSR Data considered as the most important, but more extensively, in particular concerning the number of tests.

The sample selected represents 100% of the environmental data identified using the sign ☑.

We believe that we are able to state an opinion with reasonable assurance on the information selected by the Company and identified using the sign based on these procedures ☑.

Conclusion

In our opinion, the information selected by the Company and identified with a sign ☑ has been prepared in all material respects in line with the Guidelines.

Paris La Défense, 3 February 2017

KPMG S.A.

Anne Garans
Partner
Sustainability Services

Xavier Fournet
Partner

Chairman's report

on the composition of the Board of Directors, preparation and organisation of work done by the Board of Directors in addition to internal control procedures and risk management implemented by the Company

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	REPORT OF THE STATUTORY AUDITORS	**39**

Pursuant to article L.225-37 of the French Commercial Code, Cofiroute's Chairman has prepared this report on the composition of the Board of Directors, the preparation and organisation of its work, and the Company's internal control and risk management procedures.

Information about the Company's capital structure and factors that could have an impact in the event of a public offering can be found in the management report.

1. Board membership and gender balance

At the date of this report, Cofiroute's Board of Directors had 11 members:

- Pierre Coppey;
- Henri Stouff;
- Patrick Faure;
- Cofiroute Holding;
- VINCI Autoroutes;
- VINCI Concessions;
- VINCI Autoroutes Services;
- Philippe Chatelain;
- Pierre Trotot;
- Natacha Valla;
- Marianne Laigneau.

The Board of Directors includes three female directors, representing 30% of the membership (employee representatives on the Board are not figured into this ratio, in accordance with the French Commercial Code).

2. Preparation and organisation of work performed by the Board of Directors

The Board of Directors meets regularly. Directors receive all the information necessary for their work and decisions in advance of meetings, in accordance with the provisions of law, the regulations, the articles of association and contractual agreements. Directors are also free to review, if necessary, all available information about the Company.

The Statutory Auditors are invited to attend Board meetings held to approve the interim and annual financial statements.

3. Potential limitations on the powers of Executive Management

- No limitations impair or prevent the Chief Executive Officer's full and complete exercise of the powers that come with his duties.
- In accordance with articles L.225-35 and R.225-28 of the French Commercial Code, the Board of Directors authorised the Chief Executive Officer at its 8 December 2016 meeting to grant guarantees and sureties for up to a total of €100 million on behalf of the Company, for a period of one year from 12 December 2016.
- In accordance with paragraphs 2 and 3 of article L.228-40 of the French Commercial Code, the Board of Directors authorised the Chief Executive Officer to issue up to €1.5 billion in one or more bond issues, for a period of one year from 12 December 2016. The Chief Executive Officer shall be accountable to the Board for any such bond issues.
- The Board renewed the special authorisation granted to the Chief Executive Officer to make any commitment and grant any unlimited guarantees or sureties, either directly and indirectly, to the German government under the TollCollect project. This authorisation was initially granted for a one-year period on 24 June 2002, and has been renewed annually since.
- At the Board of Directors' meeting on 8 December 2016, the aforementioned authorisations were renewed for a period of one year for the benefit of Marc Bouron, the Chief Executive Officer.

4. Financial risks related to the effects of climate change

Climate change poses risks to transport and the business of public interest transportation companies.

To reduce these risks, a strategy with two components has been put in place:

- reducing direct emissions due to our business, in order to lower greenhouse gases (GHG); and
- promoting the emergence of sustainable mobility and a transition towards low carbon transport by supporting new forms of mobility (car-pooling, collective transport on motorways and expressways), by carrying out programs with State approval and in some cases involving local communities or other partners, to encourage carpooling, make coaches more welcome on motorways, promote going through electronic toll lanes at 30 km/h, and install roadside recharging terminals for electric vehicles.

This strategy is part of the VINCI group strategy aimed at reducing its GHG emissions by 30% by 2020, helping its customers achieve better energy efficiency, and encouraging them to act responsibly towards the environment.

5. Internal control

5.1. Objectives of internal control

The internal control procedures applied within the Company aim to:

- ensure that management practices, operations and employee behaviour are consistent with the Company's business strategy as defined by its governing bodies, its values, standards and internal rules as well as all applicable laws and regulations;
- verify that the accounting, financial and management information given to the Company's governing bodies and third parties fairly presents the Company's position and business.

One of the objectives of internal control is to prevent and manage risks arising from the Company's business operations and the risks of error and fraud, particularly in accounting and finance. No control system can provide absolute assurance that all risk will be eliminated.

5.2. Principles governing conduct and behaviour

Decentralisation

Given the decentralised structure of the Company's operations, which are organised in appropriately resourced geographical sectors, local management can act rapidly by making any necessary operational decisions.

Delegation of authority

The Company's system for delegating authority is applied in compliance with the following principles for conduct and behaviour:

- strict adherence to the rules laid down by the Chief Executive Officer, in particular as regards delegation, commitments and financial and accounting information;
- employee transparency and loyalty towards their line management and functional departments. All managers must, in particular, inform their line managers of any difficulties encountered in performing their duties. An integral part of operational managers' role is to make decisions alone on matters falling within their area of expertise. However, these difficulties should be handled with the assistance, if necessary, of their line managers or functional departments;
- compliance with the laws and regulations in force in the countries where the Company operates;
- responsibility of operational executives to communicate these principles by appropriate means (orally and/or in writing) and set an example;
- safety of property and individuals;
- a rigorous approach and management culture.

VINCI Code of Ethics and Conduct

This Code, which applies to all managers, defines the rules of good conduct applicable to all employees and sets out the professional ethical principles that should govern their behaviour.

VINCI Subcontractor relations guidelines

These guidelines, which were sent out to all managers in 2013, stipulate the importance of fairness in relationships with its subcontractors and suppliers. To this end, the Group's contracting agents give six fundamental commitments and ensure that they are adhered to.

Safety of individuals

The safety of people is a top priority for the Company. Its management of work-related risks is reflected in the zero workplace accident objective, a policy integrated into all company procedures. Resources and tools (education, training, procedures, indicators) are adapted to this business policy.

Internal guidelines

Internally, the internal control framework is structured around several guidelines:

- the rules to be followed by company employees, set out primarily in the internal rules, departmental procedures and any other documents issued by Executive Management or its representatives;
- an information technology charter, which informs users of the rules and conditions that apply to information system resources, particularly as regards data security and protection. This document was supplemented in 2012 by a code of conduct for IT administrators.

6. Operational organisation

The Company's internal control structure is based on:

- formal definition of company strategy and decision-making procedures;
- co-ordination and monitoring of business activities;
- notification and co-ordination between different company entities.

6.1. Corporate governance

The Board of Directors

The Board of Directors met three times in 2016, with an average attendance rate of 93.75%.

The Board assessed the composition and operation of the Board of Directors with the aid of questionnaires sent to the Directors. The Directors showed a high level of satisfaction with the organisation of meetings, the information provided and presentations made to them.

In accordance with its internal rules, the Board included a discussion on its own procedures in its agenda for the meeting held on 3 February 2017.

6.2. The internal committees within the Company

Executive Committee

The Executive Committee is a forum for information, discussion, co-ordination and decision-making, and consists of the Chief Executive Officer and certain Senior Managers.

The Commitments Committee

Any significant financial and/or contractual commitment made by Cofiroute or any investment in excess of €240,000 is examined by the Risks Committee prior to approval. The Committee is chaired by the Chief Executive Officer and examines every aspect — including financial, technical and legal aspects — of Cofiroute's commitments (guarantees, sureties and off-balance sheet commitments), investment opportunities and their impact on the Company's financial position. The Risks Committee met ten times in 2016 and reviewed ten files.

6.3. Executive Management reviews

Concession reviews

Five concession reviews were held on 13 January, 20 April, 30 May, 7 July and 25 November to monitor obligations under concession agreements and their Riders and the regulatory environment, and also to review discussions with the State concerning these operations.

Quality, Safety and Environment reviews

Every year, management reviews study the results of the Company's QSE policy and set its future priorities based on the audits and analysis of the efficiency of the operational and support processes.

The Company's QSE management system, which includes these management reviews, has obtained ISO 9001 (Quality management) and ISO 14001 (Environmental management) certification for the construction, operation and maintenance of its motorway network.

To foster continuous improvement, a safety and prevention plan is drawn up every year for the Company's staff. It contains initiatives covering all the Company's processes in relation to training, communications and improvements in prevention systems. Its ultimate objective is to achieve a zero workplace injury rate for all employees. It draws on the VINCI Autoroutes Accident Prevention policy adopted in June 2016. It is monitored on a regular basis.

The zero accident approach to project management is adopted by all operational departments for subcontracting companies performing work on the Cofiroute network.

Project reviews

All significant projects (construction, technical and development projects) in progress within the Company are periodically reviewed (at least once a year) in the presence of the Chief Executive Officer, Chief Financial Officer and the managers involved. These reviews provide a means of regularly monitoring the decisions made by the Risks Committee.

6.4. Control processes

6.4.1. Accounting system

Expenditure control system

The Company's information and management system is based on SAP software. It comprises various functionalities, including accounting, management control, purchasing, invoicing and investment management.

The following restrictions have been put in place:

- disbursements (expenses and investments) are authorised subject to personalised thresholds configured in the software. This authorisation is required before an item of expenditure can be accounted for or a disbursement made;
- the Company's various departments carry out "accounts payable accounting", but the creation and modification of supplier records, along with payments, are centralised;
- the supplier invoice processing and supplier invoice payment functions are kept separate.

Income and expense processing procedures

Accounting and management system procedures have been drawn up and are available to all users on the Company's intranet.

Prior to processing toll revenue, the control function is separated from the production function: this procedure involves the Finance Department, Operational Systems Department and Operations Department performing cross-checks and compiling a monthly report.

Preparation and verification of financial statements

The Finance Department is in charge of preparing and approving the Company's interim and annual financial statements, ensuring compliance with accounting policies and the procedures applied by the Company's various departments.

As part of their assignment, the Statutory Auditors perform checks on procedures and compliance with accounting principles.

6.4.2. Budget preparation and monitoring

The Management Control Department implements and co-ordinates the budget process for the entire Group. Each department inputs its budget proposals into the SAP system on the required dates, along with explanatory notes aligning budget proposals with business forecasts, identified risks and unforeseen events.

The budget, its three annual updates and an analysis by every Group department are presented to the Chief Executive Officer and Chief Financial Officer. The budgets allocated to each department are then formally approved by Executive Management and regularly monitored throughout the year.

6.4.3. Cash management

Cash management complies with the Group's cash management guidelines. Cash is invested by VINCI Autoroutes under a cash management agreement signed in October 2011.

Interest-rate risk is managed according to prudential rules defined by the Group.

Cofiroute uses derivative financial instruments in managing its debt, and market risk exposure in particular, as described in the Notes "Data on net financial debt" and "Information on financial risk management" to the separate IFRS financial statements.

Decisions about the main financing and debt management transactions are made in Treasury Committee meetings, which are held regularly and before any material transaction.

Bank mandates are granted on a restricted basis, in compliance with the Group's cash management guidelines. The nature of the authorisations granted and the list of beneficiaries are regularly surveyed.

The VINCI group's instructions and information guides to prevent the risks of fraud were circulated within the financial services departments.

6.5. Reporting

Reporting to Executive Management and shareholders

The Finance Department reports every month to the Company's Executive Management and shareholders regarding the Company's revenue, key operating indicators and net financial debt.

Its reporting also includes:

- interim and annual financial statements;
- financial forecasts for the current year (initial version in November of the previous year followed by four updates in March, May, September and November of every year);
- the three-year plan, which is revised every year.

Reporting to the concession-granting authority

Under its two concession contracts, Cofiroute regularly reports to the concession-granting authority on its commitments. In June 2016, Cofiroute sent its 2015 parent company financial statements, reports on the performance of each of its concession contracts and an annual review of operations. The results of the annual user satisfaction survey are also sent every year, together with a review of safety matters. As part of its turn-around plan, Cofiroute also prepares quarterly progress assessments of operations.

Report to the French rail and road operators regulatory authority known as ARAFER.

With effect from 2016, a report must be sent to ARAFER each year on the activity of the contracting commission. In this connection, on 29 April 2016 Cofiroute submitted a report on contracting commission activities in 2015.

7. Risk management procedures

Procedures relating to the preparation and treatment of accounting and financial information for the parent company and separate IFRS financial statements

The Finance Department, which reports to Executive Management, is in charge of producing and analysing the parent company and consolidated financial information, disclosed within and outside the Company. In particular, it is in charge of:

- drawing up, validating and analysing interim and annual parent company and separate IFRS statements;
- defining and monitoring accounting procedures and implementing IFRS.

The Statutory Auditors are involved in discussions and work related to the implementation of complex accounting operations. They present their observations and comments on the interim and annual financial statements to the Finance Department before these financial statements are presented to the Board of Directors.

The Statutory Auditors obtain a representation letter signed by the Chief Executive Officer and Chief Financial Officer before signing their reports.

Procedures implemented to prevent and manage the Company's operational risk

Internal and external procedures, set out in the "Technical and Operational Handbook", apply to the operation of the network in service. Interventions are formally set out in the Intervention and Back-up Plan ("*Plan d'Intervention et de Secours*" or PIS) for every motorway in the network. The Plan defines and facilitates the co-ordination and implementation of back-up and operational measures. It ranges from coping with minor, daily events to handling serious disruptions in cases where the Prefect has not decided to launch an emergency plan or an Orsec Plan (the French basic emergency plan implemented in the event of a disaster, when local resources are not sufficient).

An emergency procedure covers the entire network. Under this procedure, a crisis management cell is manned by operational employees 24 hours a day, while Executive Management, represented by a member of the Executive Committee, and the Communication Department are also available around-the-clock.

Critical systems have full redundancy. An information system recovery plan has been drawn up to handle a system shut-down or a disaster.

Procedures implemented to safeguard operation of the Information System

A joint Head of Information System Security (RSSI) was appointed in 2013 with responsibility for all VINCI Autoroutes entities. The RSSI's main duties are to harmonise the information system policies, management systems and standards across the entities, in particular by preparing VINCI Autoroutes' Information Systems Security Policy and overseeing its application within Cofiroute.

The RSSI is also in charge of identifying and assessing risks. He or she defines and controls the implementation of response plans to security incidents. The RSSI ensures that security aspects are dealt with in various IT projects. An information security officer from the French Ministry of Ecology, Sustainable Development, Transport and Housing has also been appointed.

Procedures related to internal control

The Chief Executive Officer has stipulated that internal control should consist of:

- a toll fraud prevention officer;
- a revenue certification manager;
- a head of information system security (RSSI); and
- a head of internal control.

Where necessary, these officers use external providers for any independent audits they deem necessary. These four have drawn up co-ordinated action plans and report directly to the Chief Executive Officer.

8. Shareholders' participation at General Shareholders' Meetings

Arrangements for shareholders' participation at General Shareholders' Meetings are laid down in Section V of the articles of association, as reproduced below:

"SECTION V/GENERAL SHAREHOLDERS' MEETINGS

Article 21

General Shareholders' Meetings are convened under the terms set by the law.

The meetings take place on the date, time and place indicated in the meeting notification.

Article 22

General Shareholders' Meetings may be attended by all shareholders whose shares are fully paid up at that date, irrespective of the number of shares owned by each of them.

Shareholders who attend the meeting via videoconference or other means of telecommunication by which they can be identified, the nature and conditions of application of which are determined by decree, are deemed to be present for the calculation of the quorum and majority.

In all the meetings, the owners of shares are entitled to attend the meeting or be represented without any prior formalities, if their shares are registered five days at the latest before the date of the meeting.

The Board of Directors has the right to shorten or to remove this time limit.

General Meetings are chaired by: the Chairman or one of the Vice-Chairmen of the Board of Directors, or by a Director specially designated by the Board for this purpose. Failing this, the meeting elects its Chairman itself.

Article 23

Ordinary or Extraordinary General Shareholders' Meetings, deliberating in accordance with the statutory quorum and majority voting requirements, exercise the powers granted to them by the laws in force.

Article 24

The resolutions of the General Shareholders' Meetings are recorded in minutes drawn up and kept in accordance with the provisions of law.

Copies or extracts of these minutes are validly certified either by the Chairman of the Board of Directors or by a Director fulfilling the office of Chief Executive Officer. They may also be certified by the Secretary of the meeting.

If the Company is being liquidated, they may validly be certified by a single liquidator".

9. Chairman's report on internal control principles and rules used to determine the remuneration and benefits of any kind granted to corporate officers

For details of those granted to directors and corporate officers, please refer to the disclosures in the management report.

Pierre Coppey and Marc Bouron's remuneration includes a variable portion determined by degree of fulfilment of their individual objectives.

10. Action plan to strengthen internal control

Risk management measures taken in 2016

Three-year renewal of ISO 9001 (quality management) and ISO 14001 (management of the environment) certification.

Financial audit of construction projects to make sure that authorisation given by the Risks Committee is applied and accounting and financial rules are observed.

Quarterly audits of compliance with the delegations of authority in the SAP system.

Special audits of trade payables in the SAP system.

Annual audit of toll revenue-sharing between motorway concession-holders.

Measures planned in 2017 and beyond

Audit of the management of cash toll stations and the cash management of unpaid toll statements.

The internal audit programme may be expanded during the year.

In accordance with the final paragraph of article L.225-37 of the French Commercial Code, this report has been submitted to the Board of Directors for approval.

The Chairman

Pierre Coppey

Report of the Statutory Auditors

prepared pursuant to article L.225-235 of the French Commercial Code, on the report of the Chairman of the Company's Board of Directors

For the year ended 31 December 2016

Cofiroute

Société Anonyme

Registered office: 12-14 rue Louis Blériot

92500 Rueil-Malmaison

Share capital: €158,282,124

To the Shareholders,

As Statutory Auditors of Cofiroute SA and pursuant to the provisions of article L.225-235 of the French Commercial Code, we hereby present our report on the report prepared by the Chairman of the Company in accordance with the provisions of article L.225-37 of the French Commercial Code for the year ended 31 December 2016.

The Chairman is required to draft a report on the Company's internal control and risk management procedures and submit it for approval by the Board of Directors. The report must also provide the other information required by article L.225-37 of the French Commercial Code, in particular with respect to corporate governance.

Our role is to:

- report to you on the information contained in the Chairman's report on internal control and risk management procedures relating to the preparation and treatment of accounting and financial information; and
- attest that the report includes the other information required by article L.225-37 of the French Commercial Code, although we are not required to verify the fair presentation of this other information.

We conducted our review in accordance with professional standards applicable in France.

Information concerning internal control and risk management procedures relating to the preparation and treatment of financial and accounting information

Professional standards require us to plan and perform our work so as to be able to assess the fair presentation of the information given in the Chairman's report concerning internal control and risk management procedures relating to the preparation and treatment of accounting and financial information. Those standards require us to:

- review the internal control and risk management procedures relating to the preparation and treatment of the accounting and financial information supporting the information presented in the Chairman's report and the existing documentation;
- review the work performed to prepare this information and the existing documentation;
- ascertain whether any material weaknesses detected in the internal control procedures relating to the preparation and treatment of accounting and financial information as part of our review of the disclosures are disclosed appropriately in the Chairman's report.

On the basis of this work, we have no comments to make on the disclosures regarding the Company's internal control and risk management procedures relating to the preparation and treatment of accounting and financial information, contained in the report of the Chairman of the Board of Directors, prepared in application of article L.225-37 of the French Commercial Code.

Other information

We attest that the report of the Chairman of the Board of Directors includes the other information required by article L.225-37 of the French Commercial Code.

Paris-La Défense and Neuilly-sur-Seine, 3 February 2017

The Statutory Auditors

KPMG Audit
Department of KPMG SA
Xavier Fournet
Partner

Deloitte & Associés

Mansour Belhiba
Partner

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IFRS INDIVIDUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2016

Income statement

(in € millions)	Notes	2016	2015
Revenue	**3.1**	**1,457.7**	**1,387.3**
o/w:			
Operating revenue		*1,363.6*	*1,306.4*
Revenue – construction of new infrastructure assets under concession		*94.1*	*80.9*
Income from ancillary activities		2.4	3.3
Operating expenses	3.2	(692.5)	(683.3)
Operating income from ordinary activities		**767.6**	**707.3**
Share-based payments (IFRS 2)	20	(1.8)	(1.6)
Other current operating items		19.8	0.0
Current operating income		**785.6**	**705.7**
Other non-current operating items		0.0	7.0
Operating income	**3.2**	**785.6**	**712.7**
Cost of gross financial debt		(102.2)	(111.3)
Financial income from cash management investments		1.2	3.1
Cost of net financial debt	**4**	**(101.0)**	**(108.2)**
Other financial income and expenses	4	(7.8)	(5.2)
Income tax expense	5	(200.0)	(223.4)
o/w impact of non-current changes in deferred tax(*)		*31.1*	-
Net income		**476.8**	**375.9**
Net income per share *(in euros)* **– including non-current changes in deferred tax(*)**	**6**	**117.48**	**92.61**
Net income per share *(in euros)* **– excluding non-current changes in deferred tax(*)**		**109.80**	**92.61**

(*) *Cofiroute deferred taxes at 31 December 2016 have been recalculated in line with the latest changes in legislation, in particular the 2017 Finance Act in France, which provides for a reduction in the income tax rate from 33.33% to 28% for all companies with effect from 2020. The impact on Cofiroute's net income stands at €31.1 million (€7.68 per share).*

Comprehensive income statement

(in € millions)	2016	2015
Net income	**476.8**	**375.9**
Changes in fair value of cash flow and net investment hedging instruments(1)	(0.3)	(0.3)
Currency translation differences	0.0	0.1
Tax expense(2)	0.1	0.1
Other comprehensive income items that can be subsequently recycled in net income	**(0.2)**	**(0.1)**
Actuarial gains and losses on retirement benefit obligations	(1.6)	(0.2)
Tax expense	0.6	0.1
Other comprehensive income items that cannot be subsequently recycled in net income	**(1.1)**	**(0.1)**
Total other comprehensive income items recognised directly in equity	**(1.3)**	**(0.2)**
Comprehensive income	**475.5**	**375.7**

(1) *Changes in the fair value of cash flow hedges (interest rate hedges) are recognised in equity for the effective portion of the hedge. Cumulative gains or losses in equity are recorded in the income statement if the hedged cash flow affects earnings.*
(2) *Tax effects related to changes in the fair value of cash flow hedges (effective portion).*

Balance sheet – Assets

(in € millions)	Notes	31/12/2016	31/12/2015
Non-current assets			
Concession intangible assets	7	4,757.3	4,863.9
Other intangible assets	8	4.2	0.0
Concession property, plant and equipment	8	342.3	357.6
Property, plant and equipment	8	8.4	15.1
Other non-current financial assets	9	0.0	0.0
Non-current derivative instruments, assets	15 - 17	76.6	85.5
Total non-current assets		**5,188.8**	**5,322.1**
Current assets			
Inventories and work in progress	10	2.1	1.6
Trade and other receivables	10	107.5	80.1
Other current operating assets	10	41.0	41.7
Current derivative instruments, assets	15 - 17	77.8	110.6
Cash management financial assets	15	4.0	4.1
Cash and cash equivalents	15	5.6	1,323.3
Total current assets		**238.0**	**1,561.6**
Total assets		**5,426.8**	**6,883.7**

Balance sheet – Equity and liabilities

(in € millions)	Notes	31/12/2016	31/12/2015
Equity			
Share capital		158.3	158.3
Reserves		(116.4)	2,314.9
Net income for the period		476.8	375.9
Transactions recognised directly in equity		(2.7)	(1.4)
Total equity	**13**	**516.0**	**2,847.6**
Non-current liabilities			
Non-current provisions	11	0.2	0.2
Provisions for employee benefits	19	21.7	18.9
Bonds	15	3,030.3	1,780.4
Other loans and borrowings	15	839.9	895.1
Non-current derivative instruments, liabilities		39.2	0.0
Other non-current liabilities		1.8	0.8
Net deferred tax liabilities	5.3	166.6	209.1
Total non-current liabilities		**4,099.8**	**2,904.4**
Current liabilities			
Current provisions	10.4	238.2	245.7
Trade payables	10.1	28.5	38.9
Payables related to non-current assets		34.8	35.0
Other current operating liabilities	10.1	108.4	92.9
Current tax liabilities		31.3	14.9
Current derivative instruments, liabilities	15 - 17	50.9	74.8
Current financial liabilities	15	318.9	629.6
Total current liabilities		**811.1**	**1,131.6**
Total equity & liabilities		**5,426.8**	**6,883.7**

Cash flow statement

(in € millions)		Notes	2016	2015
Net income for the period			**476.8**	**375.9**
Depreciation and amortisation		3.3	246.7	257.2
Net increase/(decrease) in provisions			(11.7)	5.0
Share-based payments and other restatements		20	(0.4)	(1.9)
Gain on disposals			0.3	(6.5)
Cost of net financial debt recognised		4	101.0	108.2
Current and deferred tax expense recognised		5	200.0	223.4
Cash flows from/(used in) operations before tax and financing costs			**1,012.7**	**961.2**
Changes in operating working capital requirement and current provisions		10	(16.4)	(3.1)
Income taxes paid			(224.9)	(226.8)
Net interest paid		4	(103.8)	(106.4)
Cash flows from/(used in) operating activities	**I**		**667.5**	**624.9**
Purchases of property, plant and equipment and intangible assets			*(1.7)*	*(1.4)*
Proceeds from sales of property, plant and equipment and intangible assets			*0.0*	*0.0*
Operating investments (net of disposals)			(1.7)	(1.4)
Operating cash flow			**665.8**	**623.5**
Investments in concession fixed assets (net of grants received)		7 - 8	(121.1)	(111.0)
Free cash flow (after investments)			**544.7**	**512.5**
unconsolidated entities Disposals of holdings			0.0	11.8
Net impact of changes in consolidation scope			0.0	(4.2)
Net cash flows from/(used in) investing activities	**II**		**(122.7)**	**(104.8)**
Dividends paid to Cofiroute SA shareholders		14	(2,806.2)	0.0
Proceeds from new long-term borrowings		15	1,296.3	0.0
Repayment of long-term borrowings		15	(553.2)	(53.4)
Change in cash management assets and other current liabilities		15 - 16	0.1	7.3
Net cash flows from/(used in) financing activities	**III**		**(2,063.0)**	**(46.1)**
Change in net cash	**I + II + III**	**15 - 16**	**(1,518.2)**	**474.0**
Net cash at beginning of period			**1,323.3**	**849.4**
Net cash and cash equivalents at end of period			**(194.9)**	**1,323.3**
Increase/(decrease) in cash management financial assets			(0.1)	(7.3)
(Issue) repayment of borrowings			(743.1)	53.4
Other changes			2.5	(2.1)
Change in net financial debt		**15**	**(2,258.9)**	**518.0**
Net financial debt at beginning of period			(1,856.3)	(2,374.3)
Net financial debt at end of period			**(4,115.2)**	**(1,856.3)**

Statement of changes in equity

	Equity					
(in € millions)	**Share capital**	**Reserves**	**Currency translation reserves**	**Transactions recognised directly in equity**	**Net income**	**Total**
Equity at 01/01/2015	**158.3**	**1,990.6**	**(0.1)**	**(1.1)**	**337.0**	**2,484.6**
Net income for the period					375.9	375.9
Other comprehensive income items			0.1	(0.3)		(0.2)
Comprehensive income for the period	**0.0**	**0.0**	**0.1**	**(0.3)**	**375.9**	**375.7**
Appropriation of net income and dividend payments		336.3			(336.3)	0.0
Share-based payments		(0.7)				(0.7)
Changes in consolidation scope		0.6			(0.6)	0.0
IFRIC 21 restatements		(11.9)				(11.9)
Equity at 31/12/2015	**158.3**	**2,314.9**	**0.0**	**(1.4)**	**375.9**	**2,847.6**
Net income for the period					476.8	476.8
Other comprehensive income items			0.0	(1.3)		(1.3)
Comprehensive income for the period	**0.0**	**0.0**	**0.0**	**(1.3)**	**476.8**	**475.5**
Appropriation of net income and dividend payments		(2,430.3)			(375.9)	(2,806.2)
Share-based payments		(1.0)				(1.0)
Equity at 31/12/2016	**158.3**	**(116.4)**	**0.0**	**(2.7)**	**476.8**	**516.0**

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A. General principles and use of estimates

1. Basis of preparation of the financial statements

As required by European regulation N° 1606/2002 of 19 July 2002, Cofiroute's IFRS individual financial statements for the year ended 31 December 2016 have been prepared and presented in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union at 31 December 2016[1].

The financial statements for the year ended 31 December 2016 have been prepared using the same accounting principles as those used for the consolidated financial statements at 31 December 2015.

The IFRS individual financial statements were approved by the Board of Directors on 3 February 2017 and will be submitted for shareholder approval at the General Meeting on 31 March 2017.

1.1. New standards and interpretations applicable from 1 January 2016

No new standard applies for the first time from 1 January 2016. Only a few amendments of standards are applicable mandatory to financial years opened in 2016:

- Amendments to IAS 1 "Presentation of Other Comprehensive Income Items";
- Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation";
- Amendments to IAS 19 "Employee Benefits";
- Annual improvements, cycle 2010-2012 and cycle 2012-2014.

The implementation of these amendments has no impact on the Cofiroute 2016 individual financial statements.

1.2. Standards and interpretations adopted by the IASB but not yet applicable on 31 December 2016

Cofiroute did not opt for the early adoption of any of the new standards and interpretations listed below, which may relate to it, but whose application was not mandatory at 1 January 2016:

- IFRS 9 "Financial Instruments";
- IFRS 15 "Revenue from Contracts with Customers";
- IFRS 16 "Leases";
- amendments to IAS 7 "Disclosure initiative";
- amendments to IAS 12 "Recognition of deferred tax assets for unrealised losses";
- amendments to IFRS 2 "Classification and measurement of share-based payment transactions";
- annual improvements, 2014-2016 cycle.

The Group is currently analysing the impact and practical consequences of the application of these standards.

2. Use of Estimates

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the amounts reported in these financial statements.

These estimates assume the operation is a going concern and are drawn up on the basis of the information available at the time. Estimates may be revised if the circumstances on which they were based change or if new information becomes available. Actual results may be different from these estimates.

Values used in impairment tests

The assumptions and estimates drawn upon to determine the recoverable amount of intangible assets and property, plant and equipment relate in particular to the market outlook required to assess the cash flow and discount rates applied. Any change in these assumptions could have a material effect on the recoverable amount.

Measurement of provisions

The factors that materially influence provision amounts include:

- forecasts for medium – to long-term maintenance expenditure and for major repairs, which serve as a basis for provisions for the obligation to maintain infrastructure assets under concession in good condition. These forecasts are estimated by taking into account the indexing clauses of construction contracts (primarily the TP01, TP02 and TP09 indices);
- the discount rates used to discount these provisions to present value.

[1] *Available at: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.*

Measurement at fair value

Cofiroute mainly uses fair value in measuring, on a consistent basis, derivative instruments, cash and cash equivalents and cash management financial assets. Fair values of other financial instruments (debt instruments and loans and receivables at amortised cost in particular) are disclosed in Note G.18. "Carrying amount and fair value by accounting category" of the notes to the IFRS individual financial statements.

Fair value is the price that would be received from selling an asset or paid to transfer a liability in a normal transaction. It is recognised on the basis of the asset or liability's main market (or the most advantageous market if there is no main market), i.e. the one that offers the highest volume and activity levels. The fair value of derivative financial instruments includes a "counterparty risk" component for derivatives carried as assets and an "own credit risk" component for derivatives carried as liabilities.

To determine these fair values, Cofiroute mainly uses the following measurement methods:

- market-based approaches, based on observable market prices or transactions;
- revenue-based approaches, which convert future cash flows into a single present value;
- cost-based approaches, which take the physical, technological and economic obsolescence of the measured asset into account.

The following three-level ranking of fair values is used:

- level 1: quoted prices in an active market. Marketable securities and listed bonds are valued as well;
- level 2: internal model with observable inputs from internal valuation techniques: these techniques use the usual mathematical calculation methods integrating observable market data (forward rates, yield curves, etc.). Most derivatives (swaps, caps, floors, etc.) traded on markets are measured on the basis of models commonly used by market practitioners in pricing these financial instruments.

  Internal valuations of derivatives are checked quarterly for consistency with the valuations sent by counterparties;
- level 3: internal model using non-observable inputs: this model applies only to holdings of unlisted shares in Toll Collect, which are measured at acquisition cost plus transaction costs, in the absence of an active market.

Measurement of retirement benefit obligations

- Cofiroute subscribes to defined contribution and defined benefit retirement plans. Its obligations in connection with these defined benefit plans are measured using the actuarial projected unit credit method based on assumptions such as the discount rate, future increases in wages and salaries, employee turnover, mortality rates and the healthcare expenditure growth rate.
- These assumptions are generally updated annually. Cofiroute considers that the actuarial assumptions used are appropriate and justified in current conditions. Obligations may, however, change in the event of changes in assumptions.

Measurement of share-based payments (IFRS 2 expense)

Cofiroute recognises a share-based payment expense for the granting of stock options (offers to subscribe to or purchase shares), performance share plans and shares to certain employees under the VINCI group Savings Plan. This expense is measured using actuarial calculations based on estimated behavioural assumptions arising from observation of past behaviour.

The main actuarial assumptions (volatility, return on shares) used by the Group are described by plan in Note K.28. "Share-based payments".

B. Key events of the period

Bond issue as part of its EMTN programme

As part of its EMTN programme in September 2016, Cofiroute carried out a bond issue of €1.3 billion divided into two equal shares (€650 million each); one tranche maturing in February 2025 with an annual coupon rate of 0.375% per year, and a second tranche maturing in September 2028, with an annual coupon rate of 0.75%.

This bond issue enables Cofiroute to benefit from favourable market conditions and hence to continue to optimise the cost of its debt while extending its average maturity (see Note G.15. "Information on financial debt").

C. Major components of the income statement

3. Revenue and operating profit

3.1. Revenue

Accounting principles

Cofiroute recognises revenue in accordance with IAS 18 "Revenue" and IAS 11 "Construction Contracts". The method for recognising revenue in respect of concession contracts is explained in Note D. "Concession contracts" hereafter. Revenue includes:

- toll revenue received on road infrastructure operated under concession, fees for commercial facilities and rent income on telecommunications infrastructure facilities and advertising space;
- revenue recognised for the construction of new infrastructure assets under concession according to the percentage of completion method of accounting under IAS 11.

(in € millions)	2016	2015
Toll revenue	1,345.2	1,291.8
Revenue – Other	18.3	14.6
Operating revenue	**1,363.5**	**1,306.4**
Revenue – construction of new infrastructure assets under concession	94.1	80.9
Total revenue	**1,457.7**	**1,387.3**

3.2. Operating income

Accounting principles

Operating **income from ordinary activities** corresponds to the measurement of Cofiroute's operating performance before taking into account expenses associated with share-based payments (IFRS 2).

Current **operating income is** intended to show the level of Cofiroute's recurring operating performance excluding the impact of non-recurring transactions and events of the period. It is calculated by adding impacts associated with share-based payments (IFRS 2) and other current operating income and expenses to the operating income from ordinary activities.

Operating **income is** obtained by adding income and expenses considered as non-current to current operating income.

(in € millions)	2016	2015
Revenue	**1,457.7**	**1,387.3**
o/w:		
Operating revenue	*1,363.5*	*1,306.4*
Revenue – construction of new infrastructure assets under concession	*94.1*	*80.9*
Income from ancillary activities	**2.4**	**3.3**
Construction expenses	(94.1)	(80.9)
Purchases consumed	(8.4)	(10.0)
External services	(77.8)	(75.8)
Taxes	(168.8)	(161.6)
Employment costs	(92.8)	(94.8)
Other operating income and expenses[1]	(0.3)	(0.5)
Depreciation and amortisation	(246.7)	(257.2)
Net provision expense and other	(3.6)	(2.6)
Operating expenses	**(692.5)**	**(683.3)**
Operating income from ordinary activities	**767.6**	**707.3**
% of revenue[2]	*56.3%*	*54.1%*
Share-based payments	(1.8)	(1.6)
Other current operating items	19.8	0.0
Current operating income	**785.6**	**705.7**
Scope effects and gains or losses on disposals of securities	0.0	7.0
Operating income	**785.6**	**712.7**
% of revenue[2]	*57.6%*	*54.6%*

[1] Capital gains or losses net of disposal of property, plant and equipment and intangible assets.
[2] % calculated on the basis of revenue excluding the construction of new concession infrastructure assets.

Other current operating items notably include the impact of changes in the indexing clauses used in the measurement of provisions for the obligation on the upkeep of the concession assets (see Note G.10.4. "Breakdown of current provisions").

3.3. Depreciation and amortisation

Depreciation and amortisation break down as follows:

(in € millions)	2016	2015
Concession intangible assets	(197.1)	(202.3)
Concession property, plant and equipment	(45.2)	(50.1)
Property, plant and equipment and intangible assets	(4.4)	(4.8)
Depreciation and amortisation	**(246.7)**	**(257.2)**

Depreciation and amortisation for the period relating to the concession intangible assets includes the full-year effects of the motorway stimulus plan launched during the second half of 2015 which extended the duration of the concession contract by 2 years and 6 months for the Cofiroute interurban network.

4. Financial income and expenses

Accounting principles:

The cost of net financial debt includes:

- the cost of gross financial debt, which includes interest expense calculated at the effective interest rate and gains and losses on interest rate derivatives relating to gross debt, whether or not they are designated as hedging instruments for accounting purposes;
- financial income from investments, which includes revenue generated by investments in cash and cash equivalents. Investments in cash and cash equivalents are measured at fair value in the income statement.

Other financial income and expenses mainly comprise discounting income and expenses, capitalised borrowing costs, foreign exchange gains and losses, and changes in the value of derivatives not related to interest-rate and foreign-exchange risk management.

Capitalised borrowing costs relate to the concession works and are incorporated in the value of non-current assets during the construction period. They are determined as follows:

- to the extent that funds are borrowed specifically for the purpose of constructing an asset, the borrowing costs eligible for capitalisation on that asset are the actual borrowing costs incurred during the period less any investment income arising from the temporary investment of those borrowings funds;
- when borrowing is not intended to finance a specific project, the interest eligible for capitalisation on an asset is determined by applying a capitalisation rate to the expenditure on that asset. This capitalisation rate is equal to the weighted average of the costs of borrowing funds for construction work, other than those specifically intended for the construction of given assets.

(in € millions)	2016	2015
Cost of gross financial debt	**(102.2)**	**(111.3)**
Financial income from cash management investments	1.2	3.1
Cost of net financial debt	**(101.0)**	**(108.2)**
Capitalised borrowing costs	0.0	0.0
Discounting costs	(7.8)	(5.3)
Foreign exchange gains and losses	0.0	0.1
Other financial expenses and revenue	**(7.8)**	**(5.2)**

The cost of net financial debt amounted to €101 million in 2016 against €108.2 million in 2015. This decrease of €7.2 million from one year to the next is primarily due to the refinancing to better terms of repayments made in 2015 and 2016 and the lower interest rates on the variable-rate portion of the debt.

Other financial income and expenses came out at a loss of €7.8 million at 31 December 2016, up from a loss of €5.2 million at 31 December 2015.

Other financial expenses include discounting costs, which totalled -€7.8 million at 31 December 2016, up from a loss of €5.3 million at 31 December 2015.

Discounting costs primarily consist of provisions for the obligation to maintain infrastructure assets under concession in good condition, which increased to -€7.5 million at 31 December 2016, up from -€4.9 million at 31 December 2015, and provisions for retirement benefits at -€0.4 million at 31 December 2016 from -€0.4 million 31 December 2015.

Financial income and expenses break down as follows by category of financial assets and liabilities:

	31/12/2016		
(in € millions)	Cost of net financial debt	Other financial expenses and revenue	Equity
Liabilities at amortised cost	(131.2)		
Assets and liabilities measured at fair value through earnings	1.2		
Derivatives designated as hedges: assets and liabilities	28.0		0.0
Derivatives measured at fair value through earnings: assets and liabilities	1.1		
Discounting costs		(7.8)	
Foreign exchange gains and losses		0.0	
Total financial income and expenses	**(101.0)**	**(7.8)**	**0.0**

	31/12/2015		
(in € millions)	Cost of net financial debt	Other financial expenses and revenue	Equity
Liabilities at amortised cost	(138.1)		
Assets and liabilities measured at fair value through earnings	3.1		
Derivatives designated as hedges: assets and liabilities	26.7		0.0
Derivatives measured at fair value through earnings: assets and liabilities	0.2		
Discounting costs		(5.3)	
Foreign exchange gains and losses		0.1	
Total financial income and expenses	**(108.2)**	**(5.2)**	**0.0**

Gains and losses on derivatives relating to borrowings (derivatives designated as hedging instruments) break down as follows:

(in € millions)	31/12/2016	31/12/2015
Net interest from derivatives designated as fair value hedges	27.7	26.3
Change in value of derivatives designated as fair value hedges	(53.7)	(21.0)
Change in value of the adjustment to hedged financial liabilities at fair value	53.7	21.0
Reserve transferred to income in respect of cash flow hedges	0.3	0.3
of which, the change in fair value of derivative instruments qualifying as cash flow hedges	*0.3*	*0.3*
Ineffective portion of cash flow hedges	0.0	0.0
Gains and losses on derivative instruments allocated to net financial debt	**28.0**	**26.7**

5. Income tax expense

Accounting principles

Cofiroute calculates its income taxes in accordance with French tax law. In accordance with IAS 12, deferred tax is recognised for the temporary differences between the carrying amount and the tax base of assets and liabilities. Tax is calculated on the basis of the latest tax rates enacted or substantively enacted at the balance sheet date. The effects of changes in tax rates from one period to another are recognised in the income statement in the period in which the change occurs except when they relate to transactions recognised in other comprehensive income or directly in equity.
Deferred tax relating to share-based payments (IFRS 2) is recognised in income as long as the deductible base does not exceed the fair value of the plans drawn up in accordance with IFRS 2.
Deferred tax balances are determined on the basis of the tax status of Cofiroute and are presented as assets or liabilities at their net position by tax category. Deferred tax is reviewed at each balance sheet date to take account in particular of the impact of changes in tax law and the prospect of recovery. Deferred tax assets are only recognised if their recovery is probable.
Deferred tax assets and liabilities are not discounted.

Income tax expense climbed to €200 million at 31 December 2016, from €223.4 million at 31 December 2015.

5.1. Breakdown of net tax expense

(in € millions)	2016	2015
Current tax	(241.8)	(229.9)
Deferred tax	41.8	6.6
Total taxes	**(200.0)**	**(223.4)**

Net tax expense for the period reflects:

- tax recorded by Cofiroute, belonging to the VINCI tax group;
- the supplementary welfare tax of 3.3% of the Company tax rate;
- non-current changes in deferred tax (reduction in corporate income tax rate from 33.33% to 28% with effect from 2020 with an impact of €31.1 million).

5.2. Effective tax rate

The effective tax rate fell from 37.28% in 2015 to 34.16% during 2016, excluding the impact of the reduction in the corporate income tax rate. This decrease is predominantly explained by the scrapping in 2016 of the 10.7% increase in the corporate income tax rate in France, which took it to 38% in 2015.

The difference between the tax calculated using the standard tax rate in force in France and the amount of tax effectively recognised in the period can be analysed as follows:

(in € millions)	2016	2015
Income before tax	676.8	599.2
Theoretical tax rate in force in France	34.43%	38.00%
Theoretical tax expense	**(233.0)**	**(227.7)**
Permanent differences and other	33.0	4.3
Recognised tax expense	**(200.0)**	**(223.4)**
Effective tax rate	29.55%	37.28%

The permanent differences include in particular the effects stemming from the fact that most components of the share-based payment expense are not tax deductible.

5.3. Breakdown of deferred tax assets and liabilities

(in € millions)	31/12/2016	Changes in part at less			31/12/2015
		Net income	Share capital	Other	
Deferred tax assets					
Retirement benefit obligations	7.4	(0.5)	0.6		7.4
Temporary differences on provisions	11.4	2.0			9.4
Concession intangible assets (capitalised borrowing costs and other)	9.1				9.1
Fair value adjustment on financial instruments	0.7		0.1		0.6
Other	37.3	2.2	0.0	0.0	35.1
Total	**65.9**	**3.7**	**0.7**	**0.0**	**61.6**
Deferred tax liabilities					
Fair value adjustment on financial instruments	0.1	0.0			0.1
Provisions	12.2	(1.1)			13.4
Concession intangible assets (capitalised borrowing costs and other)	206.7	(34.8)			241.5
Tax-regulated depreciation and amortisation	8.7	(0.8)			9.5
Other	4.9	(1.3)		0.0	6.2
Total	**232.6**	**(38.1)**	**0.0**	**0.0**	**270.7**
Net deferred taxes	**(166.6)**	**41.8**	**0.7**	**0.0**	**(209.1)**

Temporary differences mainly relate to concession intangible assets and declined to €206.7 million at 31 December 2016 from €241.5 million at 31 December 2015.

5.4. Unrecognised deferred taxes

Certain deferred tax assets are not recognised because it is deemed unlikely that taxable income will be available. They remained unchanged at €7.3 million at 31 December 2016, unchanged from 31 December 2015, and relate to the impairment of Toll Collect shares.

6. Earnings per share

Accounting principles

Earnings per share before dilution (basic earnings per share) corresponds to the net income, applied to the number of shares for the year.

The Company's share capital is comprised of 4,058,516 shares, unchanged from 2015 and 2016. The Company has not issued any instrument granting rights to shares.

As a result, the number of shares used to calculate both basic and diluted earnings per share in 2016, as in 2015, stood at 4,058,516.

Earnings per share rose to €117.48 in 2016 from €92.61 in 2015.

D. Service Concession Contracts

Accounting principles

At Cofiroute and according to the provisions of IFRIC 12 "Service Concession Arrangements", a concession operator has two business activities:

- a construction business consisting of its obligations to design, build and finance new infrastructure that it provides for the concession grantor: revenue is recognised according to the percentage of completion method of accounting under IAS 11;
- operating and maintaining the infrastructure facilities under concession: revenue is recognised in accordance with IAS 18.

The operator has the right to receive toll or other revenue from users for financing and building the infrastructure. If the grantor pays the concession operator on the basis of the extent to which the public uses the service, with no guarantee of payment (simple "pass through" or "shadow toll" agreement), the "Intangible Asset Model" also applies.

In accordance with this model, the concession operator's right to receive toll or other revenue is recognised in the balance sheet under "Concession intangible assets" (see Note D.7.1. "Concession intangible assets").

This right corresponds to the fair value of the infrastructure asset under concession plus the capitalised borrowing costs recognised during the construction period. It is amortised over the period covered by the contract in order to reflect the pace at which the contract's economic benefits are consumed, from the date on which the infrastructure asset is commissioned.

This model has been applied to two Cofiroute concession contracts.

Grants related to assets are presented on the balance sheet and charged against the carrying amount of the asset for which they were received.

7. Concession intangible assets

7.1. Details of intangible assets under concession

(in € millions)	Cost of infrastructure in service(*)	Advances and outstanding amounts	Total
Gross			
At 01/01/2015	**7,926.3**	**106.1**	**8,032.4**
Acquisitions during the period	15.7	65.2	80.9
Disposals during the period	0.0	0.0	0.0
Other movements	67.4	(74.2)	(6.8)
	8,009.4	**97.1**	**8,106.5**
Grants received	(4.8)	0.0	(4.8)
At 31/12/2015	**8,004.6**	**97.1**	**8,101.7**
Acquisitions during the period	16.4	77.8	94.1
Disposals during the period	0.0	0.0	0.0
Other movements	(14.3)	(52.8)	(67.0)
	8,006.7	**122.1**	**8,128.8**
Grants received	0.0	0.0	0.0
At 31/12/2016	**8,006.7**	**122.1**	**8,128.8**
Depreciation			
At 01/01/2015	**(3,035.1)**		**(3,035.1)**
Amortisation during the period	(202.3)		(202.3)
Other movements	(0.4)		(0.4)
At 31/12/2015	**(3,237.8)**		**(3,237.8)**
Amortisation during the period	(197.1)		(197.1)
Other movements	63.4		63.4
At 31/12/2016	**(3,371.5)**		**(3,371.5)**
Net			
At 01/01/2015	**4,891.2**	**106.1**	**4,997.3**
At 31/12/2015	**4,766.7**	**97.1**	**4,863.9**
At 31/12/2016	**4,635.2**	**122.1**	**4,757.3**

(*) *After deduction of grants.*

The increase in intangible assets under concession in gross value corresponds mainly to the €94.1 million of acquisitions made in 2016 (against €80.9 million in 2015). They include assets under construction amounting to €77.8 million in 2016 related primarily to investments under plan No. 3 contract, phase 2 of plan Rider 11 and the motorway stimulus plan.

7.2. Main characteristics of concession contracts

The characteristics of the main concession contracts operated by Cofiroute are shown in the following table:

2016	Control and regulation of prices by concession grantor	Remuneration paid by	Grant or guarantee from concession grantor	Residual value	Concession end date or average duration	Accounting model
Cofiroute						
Interurban toll motorway network – France (1,100 km of toll motorways)	Pricing regulation as defined in the concession contract. Rate increases subject to the approval of the concession grantor.	Users	None	Infrastructure returned to grantor for no consideration at the end of the contract unless purchased before term by the grantor on the basis of its economic value.	Contract end: 30 June 2034	Intangible asset
A86 Duplex – France (11 km-long toll tunnel)	Pricing regulation as defined in the concession contract. Rate increases subject to the approval of the concession grantor.	Users	None	Infrastructure returned to grantor for no consideration at the end of the contract unless purchased before term by the grantor on the basis of its economic value.	Contract end: end of December 2086	Intangible asset

7.3. Commitments given under concession contracts

Contractual investment and renewal obligations

Under the concession contracts it has signed, Cofiroute has committed to making certain infrastructure investments in facilities that it will subsequently operate as a concession company.

Cofiroute has a well-defined contractual framework of concession contracts and master contracts, and enjoys good visibility with respect to its outlook.

As at 31 December 2016, the total investment commitment provided for under the concession contracts is €1,010 million compared with €1,163 million in 2015.

E. Other balance items and commitments related to the business

8. Property, plant and equipment and other intangible assets

8.1. Property, plant and equipment

Accounting principles

Property, plant and equipment are recorded at acquisition or production cost, net of investment grants received, less cumulative depreciation and any impairment losses. Their value is not remeasured. These assets mainly include fittings, equipment, furniture and vehicles wholly owned by Cofiroute. They also include fixed assets operating under concession that are not controlled by the grantor but that are necessary for the operation of the concession: buildings used in operations, toll equipment, signage, remote transmission, video surveillance, vehicles and equipment.
Depreciation is generally calculated on a straight-line basis over the period of use of the asset. Accelerated depreciation may, however, apply when deemed more appropriate given the terms of use of the asset.
Periods of use of the various categories of property, plant and equipment (fittings, equipment, furniture and vehicles) range from three to ten years.
Depreciation commences on the date on which the asset is ready to come into service.

(in € millions)	Concession property, plant and equipment	Land	Fixtures and fittings	Plant, equipment and fixtures	Total
Gross					
At 01/01/2015	**808.3**	**1.1**	**10.7**	**36.1**	**856.3**
Acquisitions during the period	27.9	0.0	0.1	1.3	29.3
Disposals during the period	(8.6)	(0.0)	0.0	(0.0)	(8.7)
Other movements	5.9	0.0	0.3	(0.1)	6.0
At 31/12/2015	**833.4**	**1.1**	**11.1**	**37.3**	**882.9**
Acquisitions during the period	27.4	0.0	1.0	0.8	29.1
Disposals during the period	(3.6)	(0.0)	(0.2)	(0.1)	(3.9)
Other movements	5.5	0.3	(21.1)	(8.6)	(24.0)
At 31/12/2016	**862.7**	**1.4**	**(9.2)**	**29.3**	**884.2**
Depreciation					
At 01/01/2015	**(434.3)**		**(3.6)**	**(26.2)**	**(464.1)**
Amortisation during the period	(50.1)		(1.8)	(3.0)	(54.8)
Disposals during the period	8.5		0.0	0.0	8.6
Other movements	0.0		0.0	0.2	0.2
At 31/12/2015	**(475.8)**		**(5.4)**	**(29.0)**	**(510.2)**
Amortisation during the period	(45.2)		(2.6)	(1.9)	(49.6)
Other movements	0.5		20.9	4.8	26.2
At 31/12/2016	**(520.5)**		**12.9**	**(26.0)**	**(533.6)**
Net					
At 01/01/2015	**374.1**	**1.1**	**7.1**	**9.8**	**392.2**
At 31/12/2015	**357.6**	**1.1**	**5.7**	**8.3**	**372.7**
At 31/12/2016	**342.3**	**1.4**	**3.7**	**3.3**	**350.6**

8.2. Other intangible assets

They mainly include software licenses and software. They are stated at acquisition cost less accumulated depreciation and, if any accumulated impairment losses. They are amortised on a straight-line basis over their useful life.
The net value of the other intangible assets amounts to €4.2 million at 31 December 2016. These include software, patents, licences and other intangible assets, representing a gross value of €29.7 million.
Cumulative depreciation recorded at the end of 2016 stands at €25.5 million.

8.3. Impairment of non-financial non-current assets

Impairment tests must be performed on intangible assets and property, plant and equipment under certain circumstances. For current assets under construction, a test is performed at least once a year, and whenever there is an indication that the asset may be impaired. For other fixed assets, a test is performed only when an indication of impairment appears. In accordance with IAS 36, the criteria for assessing the value of impairment losses are either external criteria (e.g. significant changes in market data, etc.) or internal criteria (e.g. significant decrease in revenue, etc.). Assets tested for impairment are grouped within cash-generating units (CGUs), defined as homogenous assets that generate identifiable cash inflows. If a CGU's recoverable amount is lower than its net carrying amount, an impairment loss is recognised under operating income. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use. Value in use is the discounted present value of the future cash flows expected to arise from an asset or CGU. The discount rate is determined for each cash-generating unit, according to its geographical location and the risk profile of its business.

No impairment loss was recorded for 2016.

9. Other non-current financial assets

Available-for-sale assets on 31 December 2016 include the 10% stake in Toll Collect in Germany for €47 million, fully depreciated.

10. Working capital requirement and current provisions

Accounting principles

Trade and other operating receivables are current financial assets. They are initially measured at their fair value, i.e. generally their nominal value, unless they have been significantly discounted. At each period, trade receivables and other operating current assets are measured at amortised cost less impairment losses, taking into account any risks of non-recovery.

An estimate of the probability of non-recovery is made at each balance sheet date and an impairment loss is recognised if necessary. The likelihood of non-recovery is assessed in the light of payment delays and guarantees obtained.

Inventories are recognised at their acquisition cost. They mainly comprise supplies needed to maintain motorways and keep them open for traffic (chloride and fuel). At each closing date, they are measured by the method of weighted average cost (WAC).

10.1. Change in working capital requirement

			2016-2015 changes	
(in € millions)	31/12/2016	31/12/2015	Related to operations	Other changes
Inventories and work in progress (net)	2.1	1.6	0.4	0.0
Trade and other receivables	107.5	80.1	27.4	0.0
Other current operating assets	41.0	41.7	(0.8)	(0.0)
Inventories and operating receivables (I)	**150.6**	**123.5**	**27.0**	**(0.0)**
Trade payables	(28.5)	(38.9)	10.4	0.0
Other current operating liabilities	(107.8)	(91.7)	(16.0)	0.0
Suppliers and other operating payables (II)	**(136.3)**	**(130.6)**	**(5.7)**	**0.0**
Working capital requirement (Before current provisions) (I + II)	**14.3**	**(7.1)**	**21.4**	**(0.0)**
Current provisions	**(238.2)**	**(245.7)**	**(5.0)**	**12.4**
o/w part of less than one year of non-current provisions	*(0.6)*	*0.0*	*(0.0)*	*(0.6)*
Working capital requirement (after current provisions)	**(223.9)**	**(252.7)**	**16.4**	**12.4**

The working capital requirement (WCR) comprises current assets and liabilities related to operations except for current tax assets and liabilities and other current financial assets and liabilities.

10.2. Current operating assets and liabilities

The components of working capital requirement break down with respect to maturity in the following manner:

		Maturity				
		Within 1 year				
(in € millions)	31/12/2016	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	> 5 years
Inventories and work in progress (net)	2.1	2.1				
Trade and other receivables	107.5	107.5				
Other current operating assets	41.0	34.7	0.2	0.4	2.7	3.0
Inventories and operating receivables (I)	**150.6**	**144.3**	**0.2**	**0.4**	**2.7**	**3.0**
Trade payables	(28.5)	(28.5)				
Other current operating liabilities	(107.8)	(96.6)	(11.2)			
Suppliers and other operating payables (II)	**(136.3)**	**(125.1)**	**(11.2)**	**0.0**	**0.0**	**0.0**
Working capital requirement (Before current provisions) (I + II)	**14.3**	**19.2**	**(11.0)**	**0.4**	**2.7**	**3.0**

10.3. Trade receivables

The following table presents invoiced trade receivables and any possible depreciation:

(in € millions)	31/12/2016	31/12/2015
Trade receivables invoiced	24.8	23.3
Impairment of trade receivables	(8.5)	(10.1)
Net trade receivables	**16.3**	**13.2**

On 31 December 2016 the breakdown of trade receivables and impairment is as follows:

(in € millions)	31/12/2016	Within 1 year 1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years
Trade receivables invoiced	24.8	22.0	0.1	0.1	2.6
Impairment of trade receivables	(8.5)	(1.1)	(0.6)	(2.3)	(4.5)

10.4. Breakdown of current provisions

Current provisions are directly linked to the operating cycle, irrespective of their expected maturity. They are accounted for in accordance with IAS 37. They also include the current part (maturing in less than one year) of provisions not directly linked to the operating cycle.

Provisions are recognised for the contractual commitments to keep the facilities under concession in good working order. They are calculated on the basis of a medium to long-term expenditure programme that is reviewed annually. This expenditure is remeasured using the appropriate indices (primarily the TP01, TP02 and TP09 indices).

Provisions are also booked when structures have been identified with established problems. These provisions are recognised at their discounted amounts. The discounted cost is recorded under "Other financial expenses".

In 2016 and 2015, current provisions recognised as liabilities in the balance sheet changed in the following manner:

(in € millions)	Opening	Additions	Provisions used	Other reversals not used	Other	Change in the part at less than one year of non-current provisions	Closing
01/01/2015	**220.9**	**51.0**	**(22.1)**	**(7.9)**	**0.0**	**(2.2)**	**239.8**
Provisions for site restoration	0.3		(0.2)				0.1
Obligation to maintain the condition of concession intangible assets	234.8	29.9	(23.1)	(0.6)			241.0
Other liabilities	4.5	2.2	(2.2)				4.5
Reclassification of the part at less than one year of non-current provisions	0.2					(0.2)	0.0
31/12/2015	**239.8**	**32.2**	**(25.5)**	**(0.6)**	**0.0**	**(0.2)**	**245.7**
Provisions for site restoration	0.1			(0.1)			0.0
Obligation to maintain the condition of concession intangible assets	241.0	17.9	(0.1)	(5.4)	(19.9)		233.6
Other liabilities	4.5	3.8	(1.3)	(2.3)			4.6
Reclassification of the part at less than one year of non-current provisions	0.0						0.0
31/12/2016	**245.7**	**21.7**	**(1.5)**	**(7.8)**	**(19.9)**	**0.0**	**238.2**

Current provisions (including due within one year of non-current provisions) are directly related to the operating cycle. The above provisions amount to €238.2 million as at 31 December 2016 (compared with €245.7 million at 31 December 2015) and mainly relate to provisions for the obligation to maintain the condition of concession. They mostly consist of provisions for the obligation to maintain infrastructure assets under concession in good condition.

Provisions for the obligation to maintain infrastructure assets under concession in good condition mainly relate to spending on road-surface repairs (surfacing, restructuring of slow lanes, etc.), engineering structures, hydraulic structures and specific equipment for the A86 motorway Duplex. These provisions totalled €233.6 million at 31 December 2016, up from €241 million at 31 December 2015.

11. Non-current provisions

Non-current provisions (€0.2 million) are recognised when, at the balance sheet date, Cofiroute has a legal or constructive present obligation to a third party arising from a past event. whenever it is probable that an outflow of resources embodying economic benefits will be required to settle this obligation and whenever the amount of the obligation can be reliably measured. These provisions are measured at their discounted value, corresponding to the best estimate of the use of resources required to settle the obligation.

The part of provisions that are not directly related to the operating cycle is reported under "Current provisions".

12. Other contractual obligations and commitments given and received

The commitments given and received by Cofiroute under concession contracts are included in Note D.7.3. to the consolidated financial statements.

Other contractual obligations

Operating lease commitments totalled €12.1 million at 31 December 2016 and mostly related to real estate rental contracts. These commitments break down by maturity in the following manner:

(in € millions)	31/12/2016	Within 1 year	Between 1 and 5 years	> 5 years
Operating leases	12.1	5.3	6.8	0.0

F. Equity

13. Information related to equity

13.1. Share capital

The Company's share capital is comprised of 4,058,516 shares, unchanged from 2016 and 2015. The Company has not issued any instrument granting rights to shares.

13.2. Distributable reserves and statutory reserve

At 31 December 2016, Cofiroute's distributable reserves amounted to €2,480,5 million, up from €2,096,4 million at 31 December 2015, while its statutory reserve remained unchanged at €15.8 million.

13.3. Transactions recognised directly in equity

The following tables provide a breakdown of changes in these items by type of financial instrument:

(in € millions)	31/12/2016	31/12/2015
Cash flow hedges		
Reserve at beginning of period	1.6	1.9
Changes in fair value for the period	0.0	0.0
Fair value items recognised in the income statement	(0.3)	(0.3)
Gross reserve before tax at balance sheet date	**1.3**	**1.6**
Gross reserve before tax at balance sheet date (recyclable items in the income statement)	**1.3**	**1.6**
Associated tax effect	(0.4)	(0.5)
Reserve net of tax (recyclable items in the income statement)	**0.8**	**1.0**
Actuarial gains and losses on retirement benefit obligations		
Reserve at beginning of period	(3.7)	(3.6)
Actuarial gains and losses recognised in the period	(1.6)	(0.2)
Gross reserve before tax at balance sheet date	**(5.4)**	**(3.7)**
Gross reserve before tax at balance sheet date (non-recyclable items in the income statement)	**(5.4)**	**(3.7)**
Associated tax effect	1.8	1.3
Reserve net of tax (non-recyclable items in the income statement)	**(3.5)**	**(2.5)**
Total items recognised directly in equity		
Gross reserve before tax effect at balance sheet date	(4.1)	(2.2)
Associated tax effect	1.4	0.7
Reserve net of tax	**(2.7)**	**(1.4)**

Changes in fair value recognised in the income statement for the period mainly concern the hedging of floating-rate bonds through the setting up of fixed-for-floating interest rate swaps. These transactions are described in Note 17.1.3. "Description of cash flow hedges".

14. Dividends

An interim dividend of €2,806.2 million was paid in relation to the distribution of retained earnings and a proportion of the net income for the period.

The total amount of the dividend that will be paid out for 2016 will be submitted for approval at the Ordinary General Shareholders' Meeting.

G. Financing and financial risk management

15. Information on net financial debt

Accounting principles

Bonds, other borrowings and financial debt are recognised at amortised cost using the effective interest rate. The effective interest rate is determined after taking redemption premiums and issuance expenses into account. Under this method, interest expense is measured using the actuarial method and reported under "Cost of gross financial debt".

When the prevailing rate is significantly lower than market rates, particularly in the case of project financing granted by public bodies, the economic benefit that results is considered, according to IAS 20, as a government grant for debt reduction and the related investments.

Certain financing contracts provide for early redemption options, for amounts that are always close to the amortised cost of the financial liabilities that are recognised as a result. Consequently, Cofiroute does not recognise any derivative financial instrument separately from these original contracts.

The current portion of instruments designated as hedging instruments is reported under "Other current financial liabilities".

At 31 December 2016, net financial debt, as defined by the Group, increased by €2,258.9 million from 31 December 2015 to €4,115.2 million.

Net financial debt breaks down as follows:

		31/12/2016					31/12/2015				
(in € millions)		Non-Current	Ref.	Current(*)	Ref.	Total	Non-Current	Ref.	Current(*)	Ref.	Total
Financial instruments recognised at amortised cost	Bonds	(3,030.3)	(1)	(58.4)	(3)	(3,088.7)	(1,780.4)	(1)	(569.6)	(3)	(2,350.0)
	Other bank loans and other financial liabilities	(839.9)	(2)	(60.0)	(3)	(899.9)	(895.1)	(2)	(59.9)	(3)	(955.0)
	Long-term financial liabilities	**(3,870.2)**		**(118.4)**		**(3,988.6)**	**(2,675.5)**		**(629.6)**		**(3,305.0)**
	Other current financial liabilities			(200.5)	(3)	(200.5)					
	Bank overdrafts										
	I – Gross financial liabilities	**(3,870.2)**		**(318.9)**	**(3)**	**(4,189.1)**	**(2,675.5)**		**(629.6)**		**(3,305.0)**
	o/w impact of fair value hedges	(37.4)		0.0		*(37.4)*	(85.5)		(5.6)		*(91.1)*
Financial assets measured at fair value through earnings	Cash management financial assets - not cash equivalents			4.0	(4)	4.0			4.1	(4)	4.1
	Cash equivalents								1,313.8	(5)	1,313.8
	Cash			5.6	(5)	5.6			9.6	(5)	9.6
	II – Financial assets	**0.0**		**9.6**		**9.6**	**0.0**		**1,327.4**		**1,327.4**
Derivatives	Derivative financial instruments – liabilities	(39.2)	(7)	(50.9)	(8)	(90.1)	0.0	(7)	(74.8)	(8)	(74.8)
	Derivative financial instruments – assets	76.6	(6)	77.8	(9)	154.5	85.5	(6)	110.6	(9)	196.1
	III – Derivative instruments	**37.4**		**26.9**		**64.3**	**85.5**		**35.9**		**121.3**
	Net financial debt (I + II + III)	**(3,832.8)**		**(81.8)**		**(4,115.2)**	**(2,590.0)**		**733.7**		**(1,856.3)**

(*) *The current portion includes unpaid accrued interest and the part at less than one year.*

Reconciliation of net financial debt with balance sheet items:

(in € millions)	Ref.	31/12/2016	31/12/2015
Non-current bonds	(1)	(3,030.3)	(1,780.4)
Other non-current financial liabilities	(2)	(839.9)	(895.1)
Current financial liabilities	(3)	(318.9)	(629.6)
Cash management financial assets	(4)	4.0	4.1
Cash and cash equivalents	(5)	5.6	1,323.3
Non-current derivative instruments, assets	(6)	76.6	85.5
Non-current derivative instruments, liabilities	(7)	(39.2)	0.0
Current derivative instruments, liabilities	(8)	(50.9)	(74.8)
Current derivative instruments, assets	(9)	77.8	110.6
Net financial debt		**(4,115.2)**	**(1,856.3)**

Derivative financial instruments (assets/liabilities) qualified as hedges are reported in the balance sheet according to their maturity: non-current derivatives instruments (assets/liabilities) due in more than a year and current derivative instruments (assets/liabilities) due within a year.

Derivative financial instruments (assets/liabilities) not qualified as hedges are reported under "current derivative instruments (assets/liabilities)" irrespective of their maturity.

15.1. Breakdown of long-term financial liabilities

At 31 December 2016, long-term financial liabilities recognised in the balance sheet stood at €3,988.6 million, an increase of €683.6 million compared to 31 December 2015.

This increase in long-term financial liabilities is principally due to:

- new financing for the amount of €1.3 billion from a bond issue as part of its EMTN programme (Euro Medium Term Notes), divided into two equal shares (€650 million each); one tranche maturing in February 2025, with an annual coupon rate of 0.375% and a second tranche maturing in September 2028, with an annual coupon rate of 0.75%;
- with repayments for the amount of €552.7 million.

Long-term financial liabilities at 31 December 2016 showed the following characteristics:

	31 December 2016						31/12/2015	
(in € millions)	Currency	Contractual interest rate	Maturity	Nominal amount outstanding	Value in the balance sheet	o/w accrued interest not yet due	Nominal amount outstanding	Value in the balance sheet
Bonds								
2001 bond issue	EUR	5.875%	08 October 2016	0.0	0.0	0.0	300.0	310.1
2001 bearer bond issue	EUR	5.875%	08 October 2016	0.0	0.0	0.0	200.0	203.6
2003 bond issue	EUR	5.250%	30 April 2018	600.0	625.7	21.2	600.0	628.8
2006 bond issue	EUR	5.000%	24 May 2021	750.0	840.8	22.8	750.0	845.3
2006 bearer bond issue	EUR	5.000%	24 May 2021	350.0	352.1	10.6	350.0	350.3
2016 bond issue	EUR	0.750%	09 September 2028	650.0	614.4	1.5	0.0	0.0
2016 bond issue	EUR	0.375%	07 February 2025	650.0	644.5	0.8	0.0	0.0
May 2011 Company Savings Plan	EUR	4.500%	03 May 2016	0.0	0.0	0.0	1.1	1.1
May 2012 Company Savings Plan	EUR	4.750%	03 May 2017	1.1	1.2	0.0	1.1	1.2
May 2013 Company Savings Plan	EUR	4.250%	04 May 2018	8.8	9.3	0.2	8.8	9.5
May 2021 Company Savings Plan	EUR	3.250%	01 May 2021	0.6	0.7	0.0	0.0	0.0
Other bank loans and other financial liabilities								
EIB March 2002	EUR	EIB RATE	13 March to 27 March	55.0	55.0	0.0	60.0	60.0
EIB December 2002	EUR	EUR 3M + 0.121%	December-13 to December-27	36.7	36.7	0.0	40.0	40.0
EIB March 2003	EUR	5.080%	26 March 2018	75.0	82.6	2.9	75.0	86.1
EIB December 2004	EUR	EIB RATE	15 December 2019	200.0	200.0	0.0	200.0	200.0
EIB December 2005	EUR	4.115%	December-12 to December-25	133.6	134.1	0.5	145.8	146.3
EIB December 2006	EUR	4.370%	December-13 to December-29	38.2	38.3	0.1	41.2	41.3
EIB June 2007	EUR	4.380%	June-14 to June-29	170.6	174.4	3.8	183.8	187.9
EIB November 2008	EUR	EUR 3M + 0.324%	November-13 to November-28	187.5	179.8	0.0	203.1	194.7
Credit facility	EUR	0.105%	15 May 2021		(1.0)	0.1		(1.3)
Long-term financial liabilities				**3,907.2**	**3,988.6**	**64.6**	**3,159.9**	**3,305.0**

15.2. Repayment schedule of financial liabilities and associated interest payments

The maturity of Cofiroute's financial liabilities, at redemption value and the associated interest payments, based on interest rates at 31 December 2016, breaks down as follows:

	31/12/2016							
(in € millions)	Value in the balance sheet	Capital and interest cash flows	≤ 3 months	> 3 months ≤ 6 months	> 6 months ≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years
Bonds								
Share capital	(3,088.7)	(3,010.6)	0.0	(1.1)	0.0	(608.9)	(1,100.6)	(1,300.0)
Interest payments cash flow		(417.9)	(1.0)	(86.9)	(4.9)	(94.2)	(187.0)	(43.9)
Other bank loans and other financial liabilities								
Share capital	(899.9)	(896.7)	(5.0)	(16.5)	(31.2)	(128.2)	(362.7)	(353.1)
Interest payments cash flow		(100.9)	(3.8)	(7.5)	(7.2)	(17.3)	(32.8)	(32.3)
Sub total: long-term financial liabilities	**(3,988.6)**	**(4,426.1)**	**(9.8)**	**(112.0)**	**(43.3)**	**(848.5)**	**(1,683.2)**	**(1,729.3)**
Other current financial liabilities	(200.5)	(200.5)	(200.5)					
I – Financial liabilities	**(4,189.1)**	**(4,626.6)**	**(210.4)**	**(112.0)**	**(43.3)**	**(848.5)**	**(1,683.2)**	**(1,729.3)**
Cash management financial assets	4.0	4.0	4.0					
Cash equivalents	0.0	0.0	0.0					
Cash	5.6	5.6	5.6					
II – Financial assets	**9.6**	**9.6**	**9.6**					
Derivative Financial Instruments – Liabilities	(90.1)	(5.3)	0.9	(26.8)	4.2	(22.5)	12.2	26.8
Derivative Financial Instruments – Assets	154.5	155.0	1.4	54.2	(4.7)	51.8	52.3	0.0
III – Derivative financial instruments	**64.3**	**149.7**	**2.2**	**27.4**	**(0.4)**	**29.3**	**64.5**	**26.8**
Net financial debt (I + II + III)	**(4,115.2)**	**(4,467.3)**	**(198.5)**	**(84.6)**	**(43.7)**	**(819.3)**	**(1,618.6)**	**(1,702.5)**
Trade accounts payable	(63.3)	(63.3)	(63.3)					

At 31 December 2016, the average maturity of Cofiroute's long-term financial liabilities was up to 5.9 years from 4.1 years at 31 December 2015.

15.3. Financing agreements

The Group's financing agreements (bonds, bank loans and credit facilities) do not include any case of default as defined by financial covenants. Financial terms of bank credit lines of €500 million are determined based on a leverage ratio.

Furthermore, some finance agreements stipulate that a change in control of the borrower may require mandatory early redemption or repayment.

15.4. Credit rating

At 31 December 2016, the Group was rated by Standard & Poor's as follows:

- long-term: A- outlook stable.

16. Information regarding the net cash under management and available resources

Accounting principles

Cash and cash equivalents include bank current accounts, short-term liquid investments and are subject to an insignificant risk of changes in value. Cash equivalents include money market UCITS and certificates of deposit starting with a maturity of less than three months. Bank overdrafts are not included in cash and are reported under "Current financial liabilities". Changes in the fair value of these instruments are recognised directly in profit or loss.

Cash management financial assets include money market securities and bonds and short-term investments in UCITS that do not meet the criteria for cash equivalents defined by IAS 7. They are measured and recognised at their fair value. Changes in the value of these instruments are recognised directly in profit or loss.

Purchases and sales of cash management financial assets are recognised at their transaction date.

As at 31 December 2016, the Group had a total of €509.6 million of available resources, including €9.6 million in net cash managed and €500 million made up of confirmed and unused medium-term bank credit lines.

16.1. Breakdown of net cash under management

Net cash under management, including cash management financial assets, breaks down as follows:

(in € millions)	31/12/2016	31/12/2015
Cash equivalents	**0.0**	**1,313.8**
Balance of cash management current accounts	*0.0*	*311.7*
Term deposits	*0.0*	*1,002.0*
Cash	**5.6**	**9.6**
Net cash	**5.6**	**1,323.3**
Cash management financial assets	**4.0**	**4.1**
Term accounts	*4.0*	*4.1*
Net cash under management	**9.6**	**1,327.4**

The investment vehicles used by Cofiroute are mainly money market UCITS, negotiable debt securities (in particular, bank certificates of deposit) and term accounts. They are measured and recognised at their fair value.

Investments ("cash management financial assets" and "cash equivalents") are managed to avoid risks to capital and are monitored through a performance and risk control system.

Most cash is now invested in a current account in the form of time deposits with VINCI Autoroutes under a cash pooling agreement. Other cash management financial assets consist of marketable securities pledged to the employee savings plan. Where applicable, any cash borrowed from the VINCI Autoroutes current account is presented under current financial debt.

At 31 December 2016, the Group had total outstandings of €9.6 million in cash under management.

16.2. Bank credit facilities

Cofiroute has a revolving credit line of €500 million with a maturity that was extended to May 2021.

17. Information on financial risk management

Accounting principles

The Group uses derivatives to hedge its exposure to market risks, mainly interest rate risk. Most interest rate derivatives used by Cofiroute are designated as hedging instruments. Hedge accounting is applicable in particular if the criteria set out in IAS 39 are met:

- the hedging relationship is formally designated and documented at inception;
- the effectiveness of the hedging relationship is demonstrated prospectively and retrospectively from the outset and at each reporting.

Changes in fair value from one period to another are recognised differently depending on whether they are classified as:

- a fair value hedge of an asset or a liability or an unrecognised firm commitment;
- a cash flow hedge.

A fair value hedge is used to hedge exposure to the risk of a change in the fair value of a financial asset, a financial liability or an unrecognised firm commitment.

Changes in the fair value of the hedging instrument are recognised in the income statement for the period. The change in value of the hedged item attributable to the hedged risk is recognised symmetrically in the income statement for the period (and adjusted to the carrying amount of the hedged item). Except for the ineffective part of the hedge, these two revaluations offset each other within the same line items in the income statement.

A cash flow hedge is used to hedge exposure to variability in future cash flows associated with an existing asset or liability, or a forecast highly probable transaction.

Changes in the fair value of the derivative financial instrument are recognised in equity for the effective part and in the income statement for the ineffective part of the hedge. Cumulative gains or losses in equity are taken to the income statement under the same line item as the hedged item — i.e. under operating income and expenses for cash flows from operations and under financial income and expense otherwise — when the hedged cash flow affects the income statement.

If the hedging relationship is interrupted because it is no longer considered effective, the cumulative gains or losses in respect of the derivative instrument are retained in equity and symmetrically recognised with the cash flow hedged. If the future cash flow is no longer expected, the gains and losses previously recognised in equity are taken to the income statement.

Derivative financial instruments not designated as hedging instruments are recognised in the balance sheet at their fair value, while changes in fair value are recognised in the income statement.

Management rules

Given the high level of its net financial debt and associated financial income, the Group has set up a system to manage and monitor its various financial risks, and principally interest rate risk; Cofiroute's IFRS net debt is entirely denominated in euros.

The Group's Finance Department is generally in charge of managing and limiting these financial risks, in accordance with the management policies approved by the Audit Committee and the guidelines issued by the Treasury and Finance Committees.

The Treasury Committee is responsible for identifying, assessing and hedging financial risks. Furthermore, the Group uses the information system of its parent company, VINCI.

To manage its exposure to market risks, the Group uses derivative financial instruments recognised in the balance sheet at fair value.

At the balance sheet date, the fair value of derivatives broke down in the following manner:

		31/12/2016	31/12/2015
(in € millions)	Notes	Fair value(*)	Fair value(*)
Interest rate derivatives: Fair value hedging	17.1.2	55.6	109.8
Interest rate derivatives: Cash flow hedges	17.1.3	0.0	0.0
Interest rate derivatives: Not designated as hedging instruments	17.1.4	7.9	11.9
Other derivatives		0.8	(0.3)
Interest rate derivatives		**64.3**	**121.3**

(*) *The fair value includes unpaid accrued interest amounting to €20.9 million at 31/12/2016 and €21.3 million at 31/12/2015.*

17.1. Interest rate risk management

Interest rate risk is managed with two time scales: a long-term time scale, aiming to ensure and optimise the concession's financial equilibrium, and a short-term time scale, aiming to optimise the average cost of debt within the budget according to the situation prevailing in financial markets.

The long-term management objective is to change over time the breakdown between fixed and floating rate debt depending on the debt level (measured by the ratio of net debt to EBITDA), proportion at a fixed rate will be all the greater the higher the level of debt is.

To hedge its interest rate risk, the Group uses derivative financial instruments in the form of options or swaps, the start of which may be deferred. These derivatives may be designated as hedges for accounting purposes or not, in accordance with IFRS, but in any event they provide economic hedges.

17.1.1. Long-term debt before and after interest rate hedging and sensitivity to interest rate risk

The table below shows the breakdown at 31 December 2016 of long-term debt between fixed rate, capped floating rate or inflation-linked debt, and the part at floating rate before and after taking hedging derivative financial instruments into account:

	Split between fixed and floating rate after hedging										
	Fixed rate			Floating rate capped/Inflation			Floating rate			Total	
(in € millions)	Debt	Proportion	Rate	Debt	Proportion	Rate	Debt	Proportion	Rate	Debt(*)	Rate
Total at 31/12/2016	**3,416.2**	**88%**	**3.41%**				**479.2**	**12%**	**0.01%**	**3,988.6**	**2.99%**
Total at 31/12/2015	2,651.3	84%	5.12%				503.1	16%	0.22%	3,305.0	4.34%

	Split between fixed and floating rate after hedging										
	Fixed rate			Floating rate capped/Inflation			Floating rate			Total	
(in € millions)	Debt	Proportion	Rate	Debt	Proportion	Rate	Debt	Proportion	Rate	Debt(*)	Rate
Total at 31/12/2016	**2,046.6**	**53%**	**3.76%**				**1,848.8**	**47%**	**0.53%**	**3,988.6**	**2.23%**
Total at 31/12/2015	1,929.2	61%	4.95%				1,225.2	39%	1.01%	3,305.0	3.42%

(*) *Long-term financial liabilities at amortised cost + unpaid accrued interest + impact of fair value hedges*

Sensitivity to interest rate risk

The Group's income statement is exposed to fluctuations in interest rates arising from:

- cash flows related to floating-rate financial instruments;
- fixed-rate financial instruments, recognised at fair value in the balance sheet through earnings;
- derivatives that are not designated as hedging instruments.

By contrast, fluctuations in the value of derivatives designated as cash flow hedges for their effective portion do not have a direct impact on the income statement and are recognised in equity.

The following analysis was carried out by supposing that the amount of financial liabilities and derivatives at 31 December 2016 remains constant over a year.

A 25-basis point fluctuation in interest rates at the balance sheet date would lead to an increase or a contraction in equity and (pre-tax) income amounting to the sums shown below. For the purpose of this analysis, all the other variables are assumed to remain constant.

	31/12/2016			
	Net income		Equity	
	Impact of sensitivity calculation		Impact of sensitivity calculation	
(in € millions)	+25 bp	-25 bp	+25 bp	-25 bp
Floating-rate liabilities after hedging	(5.1)	5.1		
Floating-rate assets after hedging	0.0	0.0		
Derivatives not designated as hedges	0.0	0.0		
Derivatives designated as cash flow hedges			0.0	0.0
Total	**(5.1)**	**5.1**	**0.0**	**0.0**

17.1.2. Description of fair value hedges

At the balance sheet date, derivatives designated as fair value hedges broke down as follows:

	31/12/2016					
(in € millions)	≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	Notional	Fair value
Receive fixed/pay floating interest rate swaps		75.0	500.0	800.0	1,375.0	55.6
Interest rate options (caps, floors, collars)						0.0
Interest rate derivatives: fair value hedges	**0.0**	**75.0**	**500.0**	**800.0**	**1,375.0**	**55.6**

	31/12/2015					
(in € millions)	≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	Notional	Fair value
Receive fixed/pay floating interest rate swaps	150.0		75.0	500.0	725.0	109.8
Interest rate options (caps, floors, collars)						0.0
Interest rate derivatives: fair value hedges	**150.0**	**0.0**	**75.0**	**500.0**	**725.0**	**109.8**

These transactions mainly hedge the Group's fixed-rate bond issuance.

17.1.3. Description of cash flow hedges

The Group's exposure to risks of fluctuation in future interest flows results from floating-rate debt payments as at 31 December 2016.

The Group has set up interest-rate swaps in order to fix interest payments on floating-rate debt. Contractual payments relating to these derivatives are settled symmetrically with the hedged interest flows on bonds. The deferred amount in equity is recognised in the income statement in the period in which the interest flows of the debt affect earnings. As there is no intrinsic value, the change in the fair value of caps is entirely recognised in the income statement.

At the balance sheet date, Cofiroute did not hold any instruments designated as cash flow hedges.

The amounts recorded in equity correspond to qualified products derived from settled cash flow hedges. These amounts will have an impact on the income as follows:

		Reversal to the income statement			
(in € millions)	Amount recognised under equity	≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years
Unwound interest rate derivatives designated as cash flow hedges	1.3	0.3	0.3	0.7	0.0
Interest rate derivatives designated as hedges of highly probable future cash flows	0.0	0.0	0.0	0.0	0.0
Total interest rate derivatives designated as cash flow hedges	**1.3**	**0.3**	**0.3**	**0.7**	**0.0**

17.1.4. Derivatives not designated as hedging instruments

At the closing date, these transactions had the following characteristics:

	31/12/2016					
(in € millions)	≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	Notional	Fair value
Interest rate swap		1,200.0			1,200.0	7.9
Interest rate options (caps, floors, collars)					0.0	0.0
Interest rate derivatives: not designated as hedging instruments	**0.0**	**1,200.0**	**0.0**	**0.0**	**1,200.0**	**7.9**

	31/12/2015					
(in € millions)	≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	Notional	Fair value
Interest rate swap			1,200.0		1,200.0	11.9
Interest rate options (caps, floors, collars)					0.0	0.0
Interest rate derivatives: not designated as hedging instruments	**0.0**	**0.0**	**1,200.0**	**0.0**	**1,200.0**	**11.9**

Transactions not designated as hedges at 31 December 2016 are mirror swaps that do not generate significant risk of changes in fair value in the income statement.

17.2. Exchange rate risk

Cofiroute is exposed to a currency risk that is not considered to be significant.

17.3. Credit and counterparty risk

Cofiroute is exposed to credit risks in the event of default by its customers. It is exposed to counterparty risk through the investment of its cash and cash equivalents (bank credit balances, negotiable debt securities, term deposits, marketable securities, etc.), the subscription of derivatives, commitments received (sureties and guarantees), unused credit authorisations and financial receivables.

Cofiroute has set up procedures to manage and curb credit risk as well as counterparty risk.

Receivables

Cofiroute has set up procedures to keep counterparty risk on trade receivables in check. For instance, there is no concentration of credit with any single customer accounting for more than 0.5% of revenue (revenue in excess of €5 million) apart from contracts with badge issuers. Cofiroute considers this risk to be minimal. The breakdown of trade receivables is provided in Note "Trade receivables analysis".

Financial instruments (cash investments and derivatives)

Financial instruments are arranged with financial institutions that meet the credit rating criteria defined by the Group. Moreover, the Group has set up a system of limits per counterparty to manage its counterparty risk. This system sets maximum lines of risk by counterparty defined according to their credit ratings, as determined by Standard & Poor's and Moody's. These limits are regularly monitored and updated by the Group's Finance Department at Treasury Committee meetings on the basis of IFRS quarterly reporting.

In addition, the Group's Finance Department has issued instructions setting limits for every authorised counterparty and defining a list of authorised UCITS.

The measurement of the fair value of financial derivative instruments carried by the Group includes a counterparty risk component for the derivative instruments carried as assets and an "own risk" for the derivative instruments carried as liabilities. Credit risk is measured by drawing on the mathematical models usually drawn upon by market players. At 31 December 2016, a €0,3 million adjustment was recognised under counterparty risk.

Netting agreements

At 31 December 2016 and in accordance with the provisions of IAS 32, the Group's financial assets and liabilities (including derivative instruments) are not netted in the balance sheet.

However, the Group has netting agreements for some of its derivative instruments. In the event of default by the Group or by financial institutions with which it holds contracts, these agreements provide for netting between the fair values of assets and liabilities arising from derivative financial instruments presented in the IFRS statement of financial position.

The table below presents the Group's net exposure stemming from these netting agreements:

	31/12/2016			31/12/2015		
(in € millions)	Fair value of derivatives recognised on the balance sheet(*)	Impact of netting agreements	Total	Fair value of derivatives recognised on the balance sheet(*)	Impact of netting agreements	Total
Derivative financial instruments – assets	153.5	(46.7)	**106.8**	196.1	(68.3)	**127.8**
Derivative financial instruments – liabilities	(89.2)	46.7	**(42.5)**	(74.8)	68.3	**(6.5)**
Net derivative instruments	**64.3**	**0.0**	**64.3**	**121.3**	**0.0**	**121.3**

(*) *Gross amounts as stated on the balance sheet.*

The Group's financial derivative instruments, traded over the counter, are not associated with any collateralisation process.

18. Carrying amount and fair value by accounting category

The following table shows the carrying amount in the balance sheet of assets and liabilities by category as defined by IAS 39 and their fair value:

	31/12/2016										
	Accounting categories							FV			
(in € millions)	Financial instruments through income statement	Derivatives designated as cover	Assets measured at fair value (FV option)	Financial assets available for sale	Loans and receivables	Liabilities at amortised cost	Total net carrying amount of class:	Level 1 Quoted prices	Level 2 Internal model using observable inputs	Level 3 Internal model using non-observable inputs	Fair value of class
Investments in unlisted companies				0.0			**0.0**			0.0	**0.0**
I – Non-current financial assets				**0.0**			**0.0**			**0.0**	**0.0**
II – Derivative instruments, assets	**59.6**	**93.8**					**153.5**		**153.5**		**153.5**
III – Trade receivables					**107.5**		**107.5**		**107.5**		**107.5**
Cash management financial assets - not cash equivalents			4.0				**4.0**	4.0			**4.0**
Cash equivalents			0.0				**0.0**	0.0			**0.0**
Cash			5.6				**5.6**	5.6			**5.6**
IV – Current financial assets			**9.6**				**9.6**	**9.6**			**9.6**
Total assets	**59.6**	**93.8**	**9.6**	**0.0**	**107.5**	**0.0**	**270.6**	**9.6**	**261.0**	**0.0**	**270.6**
Bonds						(3,088.7)	**(3,088.7)**	(3,267.8)	(10.8)		**(3,278.7)**
Other bank loans and other financial liabilities						(899.9)	**(899.9)**		(903.9)		**(903.9)**
V – Non-current financial liabilities						**(3,988.6)**	**(3,988.6)**	**(3,267.8)**	**(914.8)**		**(4,182.6)**
VI – Derivative financial instruments, liabilities	**(50.9)**	**(38.2)**					**(89.2)**		**(89.2)**		**(89.2)**
VII – Trade payables						**(63.3)**	**(63.3)**		**(63.3)**		**(63.3)**
Other current financial liabilities			(200.5)				**(200.5)**	(200.5)			**(200.5)**
VI – Current financial liabilities			**(200.5)**				**(200.5)**	**(200.5)**			**(200.5)**
Total liabilities	**(50.9)**	**(38.2)**	**(200.5)**	**0.0**	**0.0**	**(4,051.9)**	**(4,341.6)**	**(3,468.4)**	**(1,067.2)**	**0.0**	**(4,535.6)**
Carrying amount of categories	**8.7**	**55.6**	**(190.9)**	**0.0**	**107.5**	**(4,051.9)**	**(4,071.0)**	**(3,458.7)**	**(806.3)**	**0.0**	**(4,265.0)**

	31/12/2015										
	Accounting categories							FV			
(in € millions)	Financial instruments through income statement	Derivatives designated as cover	Assets measured at fair value (FV option)	Financial assets available for sale	Loans and receivables	Liabilities at amortised cost	Total net carrying amount of class	Level 1 Quoted prices	Level 2 Internal model using observable inputs	Level 3 Internal model using non-observable inputs	Fair value of class
Investments in unlisted companies				0.0			**0.0**			0.0	**0.0**
I – Non-current financial assets				**0.0**			**0.0**			**0.0**	**0.0**
II – Derivative instruments, assets	**86.3**	**109.8**					**196.1**		**196.1**		**196.1**
III – Trade receivables					**85.9**		**85.9**		**85.9**		**85.9**
Cash management financial assets - not cash equivalents			4.1				**4.1**	4.1			**4.1**
Cash equivalents			1,313.8				**1,313.8**	1,313.8			**1,313.8**
Cash			9.6				**9.6**	9.6			**9.6**
IV – Current financial assets			**1,327.4**				**1,327.4**	**1,327.4**			**1,327.4**
Total assets	**86.3**	**109.8**	**1,327.4**	**0.0**	**85.9**	**0.0**	**1,609.4**	**1,327.4**	**282.0**	**0.0**	**1,609.4**
Bonds						(2,350.0)	**(2,350.0)**	(2,581.0)	(11.4)		**(2,592.4)**
Other bank loans and other financial liabilities						(955.0)	**(955.0)**		(956.5)		**(956.5)**
V – Non-current financial liabilities						**(3,305.0)**	**(3,305.0)**	**(2,581.0)**	**(967.9)**		**(3,548.9)**
VI – Derivative financial instruments, liabilities	**(74.8)**						**(74.8)**		**(74.8)**		**(74.8)**
VII – Trade payables						**(73.9)**	**(73.9)**		**(73.9)**		**(73.9)**
Other current financial liabilities							**0.0**				**0.0**
VI – Current financial liabilities							**0.0**				**0.0**
Total liabilities	**(74.8)**	**0.0**	**0.0**	**0.0**	**0.0**	**(3,378.9)**	**(3,453.6)**	**(2,581.0)**	**(1,116.5)**	**0.0**	**(3,697.5)**
Carrying amount of categories	**11.6**	**109.8**	**1,327.4**	**0.0**	**85.9**	**(3,378.9)**	**(1,844.2)**	**(1,253.6)**	**(834.6)**	**0.0**	**(2,088.1)**

In 2016, the criteria used to measure the fair value of financial assets and liabilities remained unchanged.

H. Employee benefits and share-based payments

19. Provisions for employee benefits

As at 31 December 2016, provisions for employee benefits due in more than one year is as follows:

(in € millions)	Notes	31/12/2016	31/12/2015
Provisions for retirement benefit obligations		19.7	16.4
Provisions for other employee benefits		2.0	2.5
Provisions for employee benefits		**21.7**	**18.9**

19.1. Provisions for retirement benefit obligations

Accounting principles

Provisions are booked in the balance sheet for obligations arising from defined benefit retirement plans for current employees. These provisions are determined by using the projected unit credit method based on actuarial assessments made at each annual balance sheet date. Each plan's obligations are recognised separately.

Under IAS 19, for defined benefit plans financed under external management arrangements (i.e. pension funds or insurance policies), the surplus or shortfall of the fair value of the assets compared with the discounted value of the obligations is recognised as an asset or liability in the balance sheet.

The expense recognised under operating income or loss in each period comprises the current service cost and the effects of any change, reduction or winding up of the plan. The accretion impact recognised on actuarial debt and interest income on plan assets are recognised under other financial income and expenses. Interest income from plan assets is calculated using the discount rate used to calculate obligations with respect to defined benefit plans.

The impacts of remeasuring net liabilities (or assets as the case may be) with respect to defined-benefit plans are recorded under other comprehensive income. They primarily comprise:

- actuarial gains and losses on obligations resulting from changes in actuarial assumptions and from experience adjustments (the effects of differences between the actuarial assumptions adopted and what has actually occurred);
- plan asset outperformance/underperformance (i.e. the difference between the effective return on plan assets and the return calculated using the discount rate applied to the actuarial liability).

The part of provisions for retirement benefit obligations that matures within less than one year is shown under "Other current non-operating liabilities".

Provisions for retirement benefits amounted to €19.9 million at 31 December 2016, including €19.7 million for the part that matures in more than one year, up from €16.8 million at 31 December 2015, including €16.4 million for the part maturing in more than one year.

Cofiroute's retirement benefit obligations for defined-benefit plans break down into two categories:

- obligations borne directly by Cofiroute, covered by provisions recognised in the IFRS balance sheet. Retirement bonuses and additional defined-benefit pension plans;
- plans that are pre-financed through a contract with an insurance company.

Retirement benefit obligations covered by provisions in the balance sheet are measured on the basis of the following assumptions:

Plan	2016	2015
Discount rate	1.20%	2.10%
Inflation rate	1.60%	1.80%
Rate of salary increases	1.00%	1.00%

The discount rate was determined on the basis of the yields of blue chip corporate bonds (AA rating) whose maturities correspond to the plans' expected cash flows. The discount rate finally adopted is a single rate equivalent to the application of the various rates depending on maturities.

On the basis of these assumptions, retirement benefits, the provisioned and recognised pension expenses break down as follows:

Reconciliation of obligations and provisions recorded in the balance sheet

(in € millions)	31/12/2016	31/12/2015
Actuarial liability from retirement benefit obligations	**25.2**	**23.0**
Fair value of hedging assets	(5.4)	(6.2)
Deficit (or surplus)	**19.9**	**16.8**
Provision recognised under liabilities on the balance sheet	**19.9**	**16.8**

Changes in actuarial liabilities and plan assets for the period

(in € millions)	31/12/2016	31/12/2015
Actuarial liability from retirement benefit obligations		
At the beginning of the period	**23.0**	**21.7**
o/w obligations covered by plan assets	6.2	6.5
Current service cost	0.9	1.0
Actuarial debt discount cost	0.5	0.5
Past service cost (plan changes and curtailments)	0.0	0.0
Actuarial gains and losses recognised in other comprehensive income items(*)	1.7	0.2
o/w impact of changes in demographic assumptions	*0.0*	*0.0*
o/w impact of changes in financial assumptions	*2.0*	*0.5*
o/w experience gains and losses	*(0.3)*	*(0.3)*
Benefits paid to beneficiaries	(0.8)	(0.2)
Disposals of companies and other assets	(0.1)	(0.2)
At the end of the period	**25.2**	**23.0**
o/w obligations covered by plan assets	5.4	6.2

(in € millions)	31/12/2016	31/12/2015
Plan assets		
At the beginning of the period	**6.2**	**6.5**
Interest income during the period	0.1	0.1
Actuarial gains and losses recognised in other comprehensive income items(*)	0.1	0.1
Benefits paid to beneficiaries	(1.0)	(0.5)
Contributions paid to funds by the employer	0.0	0.0
Disposals of companies and other assets	0.0	0.0
At the end of the period	**5.4**	**6.2**

(*) *Experience gains and losses corresponding to the variance between the actual return on plan assets and a nominal yield calculated using the discount rate for actuarial liability.*

For 2017, the Company estimates €0.7 million payments in retirement benefit obligations, comprised solely of benefits paid to retired employees.

Change in provisions for retirement benefit obligations during the period

(in € millions)	31/12/2016	31/12/2015
Provisions for retirement benefit obligations recognised under liabilities on the balance sheet		
At the beginning of the period	**16.9**	**15.3**
Total charge recognised with respect to retirement benefit obligations	1.2	1.1
Actuarial gains and losses recognised in other comprehensive income items	1.6	0.2
Benefits paid to beneficiaries	0.2	0.3
Contributions paid to funds by the employer	0.0	0.0
Disposals of companies and other assets	0.0	0.0
At the end of the period	**19.9**	**16.9**

Expenses recognised in respect of defined benefit plans break down as follows

(in € millions)	2016	2015
Current service cost	(0.9)	(1.0)
Actuarial debt discount cost	(0.5)	(0.5)
Interest income during the period	0.1	0.1
Impact of plan settlements and other	0.1	0.2
Total	**(1.2)**	**(1.1)**

The Company contributes to basic government pension plans. This expense is recognised in the amount of the contributions required by government bodies. Basic government pension plans are treated as defined-contribution plans.

The amount of retirement benefit contributions recognised as an expense in the period under defined-contribution plans (excluding basic government plans) fell to €4.7 million at 31 December 2016 from €4.8 million at 31 December 2015. This sum comprises the contributions paid to the CRICA and ANEP providence funds.

Breakdown of plan assets by type of vehicle

	31/12/2016	31/12/2015
	Euro zone	Euro zone
Equities	6%	7%
Bonds	86%	84%
Real estate	8%	9%
Total split of plan assets	100%	100%
Plan assets *(in € millions)*	**5.4**	**6.2**
Coverage rate of actuarial debt *(as %)*	**21%**	**27%**

19.2. Other employee benefits

In 2016 and 2015, provisions for other employee benefits recognised on the balance sheet break down as follows:

(in € millions)	Opening	Additions	Provisions used	Other reversals not used	Changes in consolidation scope and miscellaneous	Change in the part at less than one year of non-current provisions	Closing
01/01/2015	**1.9**	**0.0**	**(1.4)**	**0.0**	**0.0**	**2.5**	**3.0**
Other employee benefits	4.5		(1.0)	(0.3)			3.2
Reclassification of the part at less than one year of non-current provisions	(1.5)					0.8	(0.7)
31/12/2015	**3.0**	**0.0**	**(1.0)**	**(0.3)**	**0.0**	**0.8**	**2.5**
Other employee benefits	3.2		(0.3)	(0.4)			2.5
Reclassification of the part at less than one year of non-current provisions	(0.7)					0.3	(0.4)
31/12/2016	**2.5**	**0.0**	**(0.3)**	**(0.4)**	**0.0**	**0.3**	**2.0**

Provisions for other employee benefits consist mainly of provisions relating to early retirement compensation under the "CATS" agreements (CATS is the French acronym for "Early Retirement Scheme for Certain Employees"). These provisions are measured at the discounted value of future benefits.

At 31 December 2016, the amount of provisions for the early retirement agreement amounted to €1.1 million (including €0.4 million in less than a year).

20. Share-based payments

Accounting principles

Cofiroute Group employees may be granted stock options or performance shares by parent company VINCI, or may subscribe to the VINCI group Savings Plans (in France and abroad).

The measurement and recognition methods for share subscription plans, the VINCI group Savings Plans and performance share plans are defined by IFRS 2 "Share-based Payment". The granting of share options, performance shares and offers to subscribe to Group Savings Plans in France and abroad represent a benefit granted to their beneficiaries and therefore constitute supplementary remuneration borne by VINCI. Because such transactions do not give rise to monetary transactions, the benefits granted in this way are recognised as expenses in the period in which the rights are acquired, with a corresponding increase in equity. Benefits are measured on the basis of the fair value, at the grant date, of the equity instruments granted.

Benefits granted under share option plans, performance share plans and Group savings plans are implemented as decided by VINCI SA's Board of Directors after their approval by the General Shareholders' Meeting, and are not, in general, systematically renewed. Moreover, their measurement is not directly related to the business lines' operating activities. Consequently, the Group considered it appropriate not to exclude the corresponding expense from the operating income from ordinary activities, which is an indicator of business lines' performance, and instead to report it on a separate line, labelled "Share-based payments (IFRS 2)", in current operating income.

Stock options

Under some of these plans, the stock options granted vest when performance-based objectives are met. The fair value of the options is determined at the grant date, by using the Monte-Carlo valuation model. Where applicable, the model includes the impact of the market performance condition. The Monte-Carlo model enables a larger number of scenarios to be modelled, in particular by factoring in assumptions about how beneficiaries behave into the valuation, on the basis of historical observations.

No new stock option plans were introduced in 2016 or in 2015.

No expenses relating to stock options were recorded in 2016.

Performance share plans
Since financial criteria may have to be met for these shares to vest, the fair value of VINCI performance shares is measured at the share value on the grant date, according to the likelihood of the financial criteria being met, as recommended by IFRS 2.

The VINCI Board of Directors meeting on 19 April 2016 decided to set up a new long-term incentive plan which consists in awarding a conditional allocation of performance shares to certain employees. The performance shares will be awarded only at the end of a three-year vesting period. These are conditional upon the individual's continued employment with the Group until the end of the vesting period, and subject to performance conditions.

VINCI group Savings Plan
With regard to the Group Savings Plan, the VINCI Board of Directors defines the subscription conditions in accordance with the authorisations granted by the Shareholders' General Meeting. In France, three times a year, VINCI issues new shares reserved for employees with a subscription price that includes a discount on the average VINCI stock market price over the 20 trading days preceding the authorisation by the Board of Directors. This discount is considered a benefit granted to the employees. Its fair value is determined using the "Monte-Carlo" valuation model at the date on which the Board of Directors sets the subscription price. As certain restrictions apply to shares granted under these plans regarding their sale or transfer, the fair value of the benefit to the employee takes into account the five-year lock-up period that applies to these shares (barring specific cases).

Cofiroute recognises these employee benefits as an expense over the vesting period, offset by a corresponding increase in IFRS equity.

Subscribers benefit from an employer's contribution capped at €2,500 per person per year. The benefits granted in this way to Cofiroute employees are recognised in the income statement and are valued in accordance with IFRS 2 on the basis of the following assumptions:

- subscription period: four months;
- lock-up period: five years.

The estimated number of securities subscribed at the end of the subscription period is calculated in accordance with the linear regression method, based on historical observations on the 2006-2015 plans, taking into account a lock-up cost of FCPE shares.

The lock-up cost is estimated by a third party who will hold a diversified portfolio and will be prepared to purchase the blocked securities at a discounted rate. This will correspond to the profitability sought by an investor on the allocated equity for the purposes of hedging against market risk during the five-year lock-up period. The market risk is measured on an annual basis using a value at risk approach.

The aggregate expense recognised at 31 December 2016 in respect of share-based payments amounted to €1.8 million, of which €0.6 million for the Group Savings Plan (€1.6 million in 2015, of which €0.8 million for the Group Savings Plan).

I. Other notes

21. Transactions with related parties

Transactions with related parties include:

- remuneration and similar benefits granted to members of the governing and management bodies;
- transactions with the VINCI group, and other related parties (mainly companies in which the Group holds an equity stake).

21.1. Remuneration and similar benefits paid to members of the governing and management bodies

The remuneration of Cofiroute's corporate officers is determined by the Board of Directors following proposals from the Remuneration Committee.

The table below shows the remuneration and similar benefits, on a full-year basis, granted by VINCI SA and the companies that it controls to persons who, at the balance sheet date are (or, during the period, have been), members of the Group's governing bodies and Executive Committee. The corresponding amounts have been recognised and expensed in 2016 and 2015 as follows:

	Members of governing bodies and the Executive Committee	
(in € millions)	**2016**	**2015**
Remuneration	1.1	1.1
Employer's social charges	0.5	0.5
Post-employment benefits	0.0	0.0
Severance payments	0.0	0.0
Share-based payments	0.6	0.4
Provisions for retirement benefit obligations	0.2	0.1

(*) *This amount is determined in accordance with IFRS 2 and the terms and conditions described in Note H.20. "Share-based payments".*

Members of Cofiroute's Executive Committee do not benefit from a supplementary retirement plan. They benefit from the arrangements described in Note H.19.1. "Provisions for retirement benefit obligations".

Corporate officers benefit from a supplementary retirement plan. Contributions to this plan are made by the parent company VINCI SA.

21.2. Transactions with the VINCI group

Transactions in 2016 and 2015 between Cofiroute and the VINCI group break down as follows:

VINCI *(in € millions)*	**2016**	**2015**
Construction expenses	(29.4)	(42.6)
Trade receivables	5.4	6.3
Dividend payments	2,806.2	0.0
Trade suppliers	18.0	29.8
Revenue and other ancillary revenue	0.5	1.5
Advance payments to subcontractors	0.0	0.0
Financial income and expenses	1.2	3.0
Other external expenses	(26.8)	(19.3)

22. Workforce

The headcount at 31 December 2016 broke down as follows:

	31/12/2016	**31/12/2015**
Engineers and managers	228	237
Office staff, workers and supervisory staff	1,228	1256
Total	**1456**	**1493**

23. Statutory Auditors' fees

Statutory Auditors' fees totalled €215 thousand in 2016, up from €160 thousand in 2015.

They comprised €93 thousand for Deloitte & Associés, including €68 thousand for the statutory audit, and €121 thousand for KPMG — of which €68 thousand for the statutory audit.

J. Post-balance sheet events

Rates

Toll rates on the A86 Duplex increased on 1 January 2017 pursuant to the Interministerial Decree of 22 December 2016. The rate schedule for the interurban network was submitted to the concession grantor for approval on 17 December 2016, in light of the toll rate increases as of 1 February 2017. The schedule calls for a 0.57% increase for class 1, 0.8% for class 2, 1.8% for class 3, 0.6% for class 4 and 0.6% for class 5.

Motorway investment plan

On 26 January 2017, VINCI Autoroutes signed a €432 million motorway investment plan with the government, of which €125 million is for Cofiroute. This plan sets out work to be done to improve territorial mobility. These projects are co-funded by the local authorities affected and by VINCI Autoroutes companies through increases in additional annual tolls of between 0.161% and 0.258% during 2019, 2020 and 2021 for the VINCI Autoroutes companies. Subject to the opinion of the French Rail and Road Activities Authority, ARAFER, and the subsequent publication of the relevant Council of State decrees, the first construction operations could commence in late 2017.

K. Disputes

To Cofiroute's knowledge, there are no disputes likely to have a material impact on the Company's business, earnings, assets or financial position.

Report of the Statutory Auditors on the IFRS individual financial statements

For the year ended 31 December 2016

Cofiroute
Limited Liability Company
Registered office: 12-14 rue Louis Blériot – CS30035 - 92506 Rueil Malmaison Cedex
Share capital: €158,282

Dear Mr Chairman,

In our capacity as Statutory Auditors for the Company COFIROUTE and further to your request, we have performed an audit of the COFIROUTE IFRS individual financial statements for the year ended 31 December 2016, as attached hereto.

These IFRS individual financial statements were prepared under the responsibility of the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

We have conducted our audit in accordance with the professional auditing standards applicable in France and with CNCC guidelines on this procedure; these standards require us to take reasonable steps to ensure that the financial statements are free from material misstatements. An audit involves examining, on a test basis or by means of other selection methods, the evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion, which follows.

In our opinion, the IFRS individual financial statements provide a true and fair view of the Company's financial position, assets and liabilities and results for the year ended 31 December 2016, in accordance with the International Financial Reporting Standards as endorsed by the European Union.

Paris La Défense and Neuilly-sur-Seine, 3 February 2017.

KPMG Audit Department of KPMG SA **Xavier Fournet**	Deloitte & Associés **Frédéric SOULIARD**

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REPORT OF THE STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS **91**

Balance sheet – Assets

(in € millions)	31/12/2016			31/12/2015
Assets	**Gross**	**Depreciation, amortisation and provisions**	**Net**	**Net**
Intangible assets	**0.1**	**0.0**	**0.1**	**0.1**
Owned non-current assets				
Land	1.3	0.0	1.3	1.1
Fixtures and fittings	9.0	5.0	3.9	5.3
Other property, plant and equipment	40.8	33.5	7.3	8.7
	51.1	**38.6**	**12.6**	**15.1**
Property, plant and equipment under licence agreements				
Non-renewable assets in service	7,921.3	3,237.1	4,684.2	4,823.8
Renewable assets in service	968.4	728.1	240.4	252.1
Non-renewable assets in progress	122.8	0.0	122.8	97.8
Renewable assets in progress	14.5	0.0	14.5	19.9
	9,027.0	**3,965.1**	**5,061.9**	**5,193.5**
Non-current financial assets				
Investments in associates and related loans	47.0	47.0	0.0	0.0
Deposits and guarantees	0.0	0.0	0.0	0.0
	47.0	**47.0**	**0.0**	**0.0**
Inventories	**2.1**	**0.0**	**2.1**	**1.6**
Trade				
Receivables	116.0	2.1	113.9	80.1
Employees	0.1	0.0	0.1	0.4
Statement	11.3	0.0	11.3	228.2
Advances and progress payments	0.0	0.0	0.0	
Other receivables	53.2	6.4	46.9	322.0
	180.6	**8.5**	**172.1**	**630.7**
Prepaid expenses	**49.1**	**0.0**	**49.1**	**39.0**
Cash and cash equivalents	**9.6**	**0.0**	**9.6**	**1,015.7**
Currency translation losses	**0.0**	**0.0**	**0.0**	**0.0**
Total	**9,366.6**	**4,059.2**	**5,307.4**	**6,895.7**

Balance sheet – Equity and liabilities

(in € millions)	31 December 2016	31 December 2015
Equity and liabilities		
Equity		
Share capital	158.3	158.3
Legal reserve	15.8	15.8
Other reserves	4.2	4.2
Retained earnings	2,476.3	2,092.1
Gains and losses to be allocated	**0.0**	**0.0**
Net income for the period	**449.5**	**384.2**
Interim dividend	**(2,806.18)**	**0.0**
Grants related to assets	**243.5**	**242.7**
Tax-regulated provisions	**25.3**	**27.7**
	566.9	**2,925.0**
Contingencies and loss provisions		
Provisions for losses and liabilities	245.3	259.2
Financial debt		
Other borrowings	3,961.4	3,207.9
Due to central and local government	0.0	0.0
	3,961.4	3,207.9
Liabilities		
Trade payables	63.3	73.2
Customer guarantee deposits	18.6	6.5
Employees	22.8	21.8
Tax and social liabilities	157.6	152.6
Other liabilities	258.2	239.3
	520.5	**493.3**
Prepaid income	**13.4**	**10.2**
Currency translation gains	**0.0**	**0.0**
Total	**5,307.4**	**6,895.7**

Income statement

(in € millions)	2016	2015
Operating revenue		
Revenue		
Toll revenue	1,345.2	1,291.8
Ancillary revenue	18.3	14.6
Net revenue	**1,363.5**	**1,306.4**
Reversal of provisions	56.6	29.2
Other income	17.5	21.7
Total I	**1,437.7**	**1,357.2**
Operating expenses		
Purchases of consumables	8.4	10.0
External costs related to investments	32.6	43.5
Major repairs	28.9	20.8
External costs related to operations	36.0	34.5
Transfer of insurance claim settlement income	(12.4)	(8.5)
Taxes	168.5	161.1
Employment costs	89.4	92.1
Statutory profit-sharing	8.7	7.7
Other ordinary management expenses	8.4	0.3
Depreciation and amortisation of owned non-current assets	4.4	4.8
Depreciation and amortisation of renewable assets	49.9	51.8
Special concession depreciation and amortisation	189.5	200.8
Provisions for operating expenses	39.7	34.7
Total II	**652.0**	**653.5**
1. Operating income (I - II)	**785.7**	**703.7**
Financial income		
Other financial income	37.2	38.8
Total III	**37.2**	**38.8**
Financial expenses		
Finance costs	138.1	142.4
Total IV	**138.1**	**142.4**
2. Net financial income/(expense) (III - IV)	**(100.9)**	**(103.5)**
3. Income from ordinary activities (1 + 2)	**684.8**	**600.2**
Exceptional income V	9.0	20.8
Exceptional expenses VI	8.1	12.5
Net exceptional income/(expense) (V - VI)	**0.8**	**8.3**
Income tax, deferred tax		
And other taxes VII	**236.1**	**224.3**
Total income (I + III + V)	**1,483.8**	**1,416.8**
Total expenses (II + IV + VI + VII)	**1,034.2**	**1,032.6**
Net income	**449.5**	**384.2**

Cash flow statement

(in € millions)	31/12/2016	31/12/2015
Operations related to activities		
Cash flow used in/from operations, excluding expense transfers	679	635
Change in the working capital requirement(*)	483	99
A. Cash flow from/(used in) operating activities	**1,162**	**734**
Investing activities		
Non-current assets	(128)	(110)
Grants related to assets	1	5
Disposals of non-current assets and transfers	18	12
B. Cash flow from/(used in) investing activities	**(109)**	**(93)**
Financing activities		
Dividends	(2,806)	-
Borrowings and advances	1,301	-
Repayment of borrowings and advances	(553)	(53)
C. Cash flow from/(used in) financing activities	**(2,059)**	**(53)**
Change in cash position (A + B + C)	**(1,006)**	**588**
Cash at beginning of the year	**1,016**	**428**
Cash at end of the year	**10**	**1,016**
Cash at end of the year including VINCI Autoroutes current account	**(191)**	**1,327**

(*) O/w -€512 million in current account changes of VINCI Autoroutes in 2016 and -€117 million in 2015.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

1. Measurement rules and methods

Cofiroute's parent company financial statements are prepared in euros in accordance with the chart of accounts set forth by ANC (French Accounting Board) Regulation No. 2014-3.

1.1. Non-current assets

These fall into three categories: concession assets, the Company's own assets and financial assets.

1.1.1. Non-current concession assets

Non-current concession assets are the movable and immovable property directly necessary for the design, construction and operation of the motorway network. They are financed by the concession operator and will be returned free of charge to the French government at the end of the concession.

They are recognised at their historical cost and comprise:

- land, studies, works and subsequent improvements;
- pre-operational expenses and borrowing costs: loan issuance expenses and premiums, redemption premiums and capitalised interest;
- the cost of staff assigned to monitoring the construction of the infrastructure asset.

They are subject to special concession depreciation and amortisation charges calculated over the remaining period of the concession.

Non-current concession assets fall into two categories:

- non-renewable assets: their useful life extends beyond the length of the concession contract, and they may require major repairs. They relate in particular to the network infrastructure, tunnels and bridges;
- renewable assets: since their economic life is shorter than the term of the concession, they must be renewed at least once during the term of the concession. These assets include plant and equipment needed to ensure safety, maintain usable road surfaces and collect tolls.

Depreciation and amortisation

Special concession depreciation and amortisation charges are applied to non-renewable assets in service and non-current operating assets. The purpose of the special concession depreciation and amortisation charges is to reduce the carrying amount of these assets to zero by the end of the concession term, rather than to recognise any wear or obsolescence of the assets.

- The special concession depreciation and amortisation charges for non-renewable assets are applied on a straight-line basis to the cost of the assets net of any grants received between the date of their entry into service and the end of the concession.
- These charges applied to non-current operating assets are calculated based on their carrying amount and the period remaining until the end of the concession.

No provision is booked for the renewal of assets when a difference arises between the replacement value and the purchase price of renewable assets, because their net amount is depreciated or amortised using this special method.

Normal depreciation and amortisation charges are applied to assets with a useful life shorter than the length of the concession contract. They are calculated using a straight-line or diminishing balance method pursuant to section 39A of the CGI. The difference between depreciation for accounting and for tax purposes is booked under "Tax-regulated provisions", under liabilities.

Depreciation and amortisation periods range between 10 and 20 years for buildings and from 3 to 10 years for fittings, and equipment, furniture and vehicles. Software is written off over one year for tax purposes.

1.1.2. Owned non-current assets

These assets belong to Cofiroute and are the default type of asset. They comprise all the fixed assets not used for operating the motorway concession. They are recorded at cost and are amortised using the linear method over their useful life. Depreciation periods are 3 to 10 years for software, fittings, equipment, furniture and vehicles.

1.1.3. Financial assets

Investments in subsidiaries and associates are recognised in the balance sheet at their historical cost. A provision is recognised if their value, based primarily on that company's net assets, is lower than cost.

1.2. Inventories

Stocks of chlorides and fuel are measured on a weighted average unit cost method. Any differences with physical inventory are recognised in the income statement for the period.

1.3. Trade and other operating receivables

This item includes fees due from other motorway companies under multi-company revenue-sharing agreements.

Trade and other operating receivables are measured at their nominal value less provisions taking account of the probability of recovery.

1.4. Marketable securities

Marketable securities (money market SICAVs) are recorded at their acquisition cost. Impairment is recognised if their market price is lower than cost. Where they exist, unrealised capital gains are not recognised.

1.5. Borrowings

Debt issue costs, including issuance premiums, are amortised on a straight-line basis over the life of the debt.

1.6. Financial instruments

The Company uses derivatives such as interest rate swaps and caps to manage the interest rate risk on its borrowings. As these transactions are carried out for hedging purposes, any gains and losses are recognised in the same period as the hedged item.

1.7. Grants related to assets

Grants received to finance fixed assets are recognised in shareholders' equity. They are deducted from non-current concession assets to calculate the special concession amortisation.

1.8. Contingencies and loss provisions

Contingencies and loss provisions are liabilities of uncertain timing or amount, but are intended to cover expenses that have become likely or certain to occur at the balance sheet date as a result of a past or present event.

A provision for major repairs is calculated at the end of each period, based on a medium- to long-term works plan drawn up by the Company's technical department and revised annually to adjust for changes in costs and in the corresponding spending plans.

1.9. Share-based payment

The measurement and recognition methods for share subscription and purchase plans, the VINCI group Savings Plans and performance share plans are those defined by the VINCI group. The grant of performance shares and offers to subscribe to the Group Savings Plan, pursuant to the decision by VINCI SA's Board of Directors after approval by the General Shareholders' Meeting, represent a benefit granted to their beneficiaries and therefore constitute supplementary remuneration. Because such transactions do not give rise to cash transactions, the benefits granted in this way are expensed over the vesting period of the rights, with a corresponding accrued expense. Benefits are measured on the basis of the fair value at the grant date of the equity instruments. Adjustments may be made at each closing date in relation to any items whose definitive grant is subject to the attainment of financial targets.

VINCI's Board of Directors defines the conditions for subscribing to the Group Savings Plan in accordance with the authorisations granted to it by the General Shareholders' Meeting. VINCI issues new shares reserved for employees in France three times a year at a subscription price that includes a maximum discount of 5% on the average stock market price over twenty trading days. This discount was 10% up to the plan for the third four-month period of 2012, and was reduced to 5% for plans from the first four-month period of 2013. Subscribers benefit from employer contributions. These benefits granted to the Group's employees are recognised in profit or loss and are valued in accordance with IFRS 2 on the basis of the following assumptions:

- subscription period: 4 months;
- lock-up period: 5 years.

1.10. Income tax

As part of the tax consolidation agreement signed on 30 January 2015, the Company is liable to pay income tax in respect of VINCI SA, the tax group parent company. The tax expense recognised in the Company's financial statements is equal to what it would have paid if it were not part of the tax group. Any savings, other than those relating to tax loss carry-forwards, are retained by the parent company.

Cofiroute recognises a provision for deferred tax in its parent company financial statements based on the applicable tax rate at year-end. This provision is determined by taking into account timing differences, including those relating to capitalised borrowing costs, a provision for early retirement compensation under the CATS agreements, employee profit-sharing and France's"Organic" social solidarity contributions.

The CICE competitiveness and jobs tax credit introduced from 1 January 2013 was recognised as a reduction in tax expense. Since 2014 it has been calculated on the basis that 6% of compensation paid during the financial year does not exceed 2.5 times the minimum wage.

In 2016 the CICE amounted to €2.2 million.

The CICE is allocated in full to the financing of investments associated with efforts contributing to energy transition and sustainable development, innovation and competitiveness for digital economy, collaborative tools and innovations for business lines, territorial new business activity and training for employees.

1.11. Consolidation

Cofiroute prepared the IFRS individual financial statements, which are published and filed with the AMF.

Cofiroute's financial statements are fully consolidated in the consolidated financial statements for the period ended 31 December 2016 of VINCI SA, a French limited liability company, with share capital of €1,473,263,800, headquartered at 1, cours Ferdinand de Lesseps, 92851 Rueil-Malmaison Cedex, France.

1.12. Key events

As part of its EMTN programme in September 2016, Cofiroute carried out a bond issue of €1.3 billion divided into two equal shares (€650 million each); one tranche maturing in February 2025 with an annual coupon rate of 0.375% per year, and a second tranche maturing in September 2028, with an annual coupon rate of 0.75%.

This bond issue enables Cofiroute to benefit from favourable market conditions and hence to continue to optimise the cost of its debt while extending its average maturity.

2. Notes to the financial statements

2.1. Assets

2.1.1. Gross non-current assets

		Change during the period			
(in € millions)	At 1 January 2016	Increases	Decreases	Transfers	At 31 December 2016
Intangible assets	0.1	-	-	-	0.1
Owned non-current assets	49.5	1.3	(0.3)	0.8	51.1
Non-current concession assets:	9,013.5	126.6	(112.4)	(0.8)	9,027.0
• o/w in service	8,895.9	34.5	(112.4)	71.7	8,889.7
• o/w in progress	117.7	92.1		(72.5)	137.3
Financial assets	47.0	-	-	-	47.0
Total	**9,110.1**	**127.9**	**(112.7)**	**0.00**	**9,125.2**

The main changes in non-current concession assets relate mainly to expenses incurred as part of the stimulus plan, particularly with the implementation of the initial operations in the environmental phase with the commissioning of the eco-ducts. Investments in progress mainly comprise the stimulus plan, the cost of road repairs and widening, the free-flow toll lanes, investment related to the renewal and upgrading of IT hardware and software, and the modernisation of toll stations.

2.1.2. Depreciation

(in € millions)	At 1 January 2016	Change during the period		At 31 December 2016
		Additions	Reversals	
Intangible assets	0.0	-	-	0.0
Owned non-current assets	34.3	4.4	0.3	38.5
Non-current concession assets:				
• Special concession depreciation and amortisation	3,138.4	189.4	90.6	3,237.1
• Depreciation and amortisation of renewable assets	681.7	49.9	3.5	728.1
Total	**3,854.4**	**243.7**	**94.4**	**4,003.7**

The extension of the concession period of the interurban network by 2 years and 6 months granted after signing the stimulus plan in August 2015, has a full year effect on the special concession depreciation and amortisation, which explains a decline of €13 million of the latter compared to 2015.

The length of the A86 concession contract remains unchanged at 31 December 2086, the special concession depreciation and amortisation was calculated based on this term.

2.1.3. Subsidiaries

In 2015, Cofiroute sold all of its subsidiaries.

2.1.4. Maturity of receivables

Operating receivables totalled €180.6 million:

(in € millions)	Gross	Due in less than one year	Due in 1 to 5 years	Due after 5 years
Receivables	116.0	113.9	2.1	-
Statement	11.3	11.3	-	-
Employees	0.1	0.1	-	-
Advances and progress payments	-	0.0	-	-
Other receivables	53.2	46.9	6.4	-
Total	**180.6**	**172.1**	**8.5**	**-**

The amount of €116 million under "Clients" item corresponds mainly to the toll invoicing to be prepared or yet to be received.

2.1.5. Impairment provisions

Provisions for impairment break down as follows:

(in € millions)	At 1 January 2016	Change during the period		At 31 December 2016
		Increases	Decreases	
Renewable assets	-	-	-	-
Investments in subsidiaries and affiliates(*)	47.0	-	-	47.0
Receivables	2.1	0.0	0.0	2.1
Claims from losses	8.0	6.4	8.0	6.4
Total	**57.1**	**6.4**	**8.0**	**55.5**

(*) Provision for impairment of shares in Toll Collect.

The provision for Claims from losses is down thanks to better production and better recovery from insurance case files.

2.1.6. Prepaid expenses

Prepaid expenses amounted to €49 million, an increase over the year due to the payment in December of the extraordinary voluntary contribution (*Contribution Volontaire Exceptionnelle*) of €14.7 million paid for 2017 and a portion of the amount paid in 2015 which is yet to be recorded as expenses at the end of the financial year.

2.1.7. Cash and cash equivalents

Cash and cash equivalents of €9.6 million correspond to the cash available in the bank and in cash totalling €5.6 million and €4 million placed in the blocked term deposit account.

2.2. Equity and liabilities

2.2.1. Share capital

The share capital breaks down into 4,058,516 fully paid-up shares with a par value of €39.

2.2.2. Equity

An interim dividend of €2,806.2 million was paid in relation to the distribution of retained earnings and a proportion of the net income for the period.

(in € millions)	At 1 January 2016	Change during the period Increases	Decreases	At 31 December 2016
Share capital	158.3	-	-	158.3
Legal reserve	15.8	-	-	15.8
Other reserves	4.2	-	-	4.2
Retained earnings	2,092.1	384.2		2,476.3
Net income	384.2	449.5	384.2	449.5
Interim dividend	0.0	(2,806.2)		(2,806.2)
Grants related to assets	242.7	0.8		243.6
Tax-regulated provisions	27.7		2.4	25.3
Total	**2,925.0**	**(1,971.6)**	**386.6**	**566.9**

2.2.3. Contingencies and loss provisions

Contingencies and loss provisions break down as follows over the period:

(in € millions)	At 1 January 2016	Change during the period Increases	Decreases	At 31 December 2016
Provisions for major repairs	252.9	33.2	46.3	239.8
Provisions for obligations under CATS (early retirement) agreement	1.4		0.7	0.7
Provisions for remedial work	0.1		0.1	-
Provisions for other liabilities	4.7	3.8	3.7	4.8
Total	**259.2**	**37.0**	**50.8**	**245.3**

The provision for major repairs covers future expenses for maintaining road surfaces, engineering structures, hydraulic structures and specific equipment, based on a schedule that reflects the frequency with which each item is renovated.

Coverage of the Company's pension commitments for its personnel is outsourced via a specific insurance contract.

The provision for the CATS agreements covers commitments resulting from the early retirement agreement signed in 2007. It is based on an actuarial calculation using demographic assumptions and parameters (age of entry into workforce, number of quarters active, retirement age, mortality table, etc.) and economic assumptions (increase in the social security ceiling, wage rises, increases in welfare contributions and expenses, etc.). The provision covers all the commitments of the plan (premiums, retirement benefits and bonuses).

Provisions grouped into various provisions mainly relate to tax and employee-related risks.

2.2.4. Maturity of payables

Operating payables include €101.4 million of deferred tax, most of which relates to deferred tax on capitalised borrowing costs.

(in € millions)	Gross	Due in less than one year	Due in 1 to 5 years	Due after 5 years
Financial debt	3,961.4	115.9	2,192.9	1,652.6
Trade and other operating payables	520.5	514.4	6.1	-
Prepaid income	13.4	2.4	8.0	3.0
Total	**4,495.3**	**632.3**	**2,207.4**	**1,655.6**

2.2.5. Borrowings

At 31 December 2016, borrowings and accrued interest amounted to €3,961.4 million, breaking down as follows:

(in € millions)	As at 1 January 2016	Change during the period Increases	Decreases	As at 31 December 2016
Bonds	2,200.0	1,300.0	500.0	3,000.0
Other borrowings and costs	959.9	0.6	63.6	896.9
Accrued interest	48.0	16.5		64.5
Total	**3,207.9**	**1,317.1**	**563.6**	**3,961.4**

In 2016, Cofiroute issued two bonds for a nominal amount of €1,300 million. It redeemed €552.7 million bonds and EIB installment loans.

Cofiroute did not enter into any derivatives transactions during the year. 50% net debt after hedging, as at 31 December 2016, is indexed at a fixed rate and 50% at floating rate.

The maturity of the revolving credit line of €500 million was extended by one year to May 2021.

There are no financial ratio covenants or rating clauses in the documentation on borrowings and syndicated loans. Only the EIB loans contain a consultation clause applicable if the Company's rating is downgraded by rating agencies. The financial terms of the bank credit facility include a leverage ratio covenant.

(in € millions)	Gross	Due in less than one year	Due in 1 to 5 years	Due after 5 years
Bonds	3,000.0	-	1,700.0	1,300.0
Other borrowings and costs	896.9	51.4	492.9	352.6
Accrued interest	64.5	64.5	-	-
Total	**3,961.4**	**115.9**	**2,192.9**	**1,652.6**

2.2.6. Prepaid income

Prepaid income mainly comprises:

- rights of use in the amount of €4.6 million paid by telecommunications operators under multi-year agreements, which are recognised in revenue on a straight-line basis over the duration of the agreements granting these rights;
- financial income from compensation received by the Company and staggered over the term of the borrowings amounted to €6.9 million.

2.2.7. Accrued expenses

Accrued expenses relate to:

(in € millions)	2016	2015
Trade payables	62.3	61.1
Employees	21.9	20.4
Taxes	29.6	29.3
Other payables	10.6	12.9
Unpaid accrued interest	64.5	48.0
Accrued expenses	**188.9**	**171.7**

2.2.8. Accrued income

Accrued income breaks down as follows:

(in € millions)	2016	2015
Trade invoices to be issued	91.2	66.9
Other receivables and accrued income	1.3	1.1
Accrued income	**92.5**	**68.0**

2.3. Income statement

2.3.1. Revenue

Revenue breaks down as follows:

(in € millions)	2016	2015
Revenue	**1,363.5**	**1,306.4**
Toll revenue	1,345.2	1,291.8
Ancillary revenue	18.3	14.6

The change in toll revenue between 2015 and 2016 breaks down as follows:

(in € millions)	2016-2015 changes
Toll revenue	**4.1%**
Growth in traffic on a stable network basis	2.4%
A86 Duplex	0.2%
Changes in prices and in mix between light and heavy vehicles	1.5%

2.3.2. Purchases and external expenses

Purchases and external expenses break down as follows:

(in € millions)	2016	2015
Purchases and external expenses	**105.8**	**108.8**
Purchases of consumables	8.4	10.0
External costs related to investments	32.6	43.5
External costs related to operations	35.9	34.5
Major repairs	28.9	20.8

2.3.3. EBITDA

EBITDA is the difference between operating income and operating expenses, excluding additions to and reversals from depreciation, amortisation and provisions.

(in € millions)	2016	2015
Operating revenue excluding reversals of provisions	**1,381.0**	**1,328.0**
Revenue	1,363.5	1,306.4
Other operating income	17.5	21.6
Operating expenses excluding depreciation, amortisation and provisions	**368.4**	**358.6**
Purchases and external expenses	105.8	108.8
Insurance claim settlements	(12.4)	(8.5)
Employment costs including statutory profit-sharing	98.1	99.8
Taxes	168.5	161.1
Other ordinary management expenses	8.4	0.3
EBITDA	**1,012.6**	**969.4**

In 2016, EBITDA equalled 74.3% of revenue compared with 74.0% in 2015. This change was mainly attributable to higher toll revenue, lower winter maintenance costs and a tighter grip on operating expenses.

2.3.4. Operating income

(in € millions)	2016	2015
EBITDA	**1,012.6**	**966.5**
Operating provisions	16.9	(5.5)
Depreciation and amortisation	(243.8)	(257.3)
Operating income	**785.7**	**703.7**

2.3.5. Net financial income/(expense)

Net financial expense came to -€100.9 million, an improvement of €2.6 million

(in € millions)	2016	2015
Financial income	**37.2**	**38.8**
Other financial income	37.2	38.8
Financial expenses	**(138.1)**	**(142.4)**
Finance costs	(138.1)	(142.4)
Net financial income /(expense)	**(100.9)**	**(103.5)**

2.3.6. Net exceptional income:

Exceptional items include:

(in € millions)	2016	2015
Exceptional income	**9.0**	**20.8**
From operating transactions	0.4	12.2
Reversals of provisions	8.5	8.6
Exceptional expenses	**8.1**	**12.5**
From operating transactions	0.5	6.7
Depreciation, amortisation and provisions	7.6	5.8
Net exceptional income/(expense)	**0.8**	**8.3**

Net exceptional income became non-significant once again in the absence of any specific event such as gain on disposals of investments in 2015.

2.3.7. Income tax

The income tax expense of €236.1 million consists of:

- €234.6 million in corporate income tax arising on ordinary operations;
- -€3.2 million in total offsetting tax credits, including -€2.2 million, related to the CICE tax credit;
- €7.7 million arising from the 3.3% social contribution;
- a -€3.0 million reduction resulting from the reversal of provisions for deferred taxation;

2.3.8. Deferred tax position

The Company has provisions amounting to €25.3 million as at 31 December 2016 relating to excess tax depreciation over normal depreciation, resulting in a deferred tax liability of €8.4 million, applying the 33.33% tax rate.

2.4. Additional information

2.4.1. Off-balance sheet commitments

- Off-balance-sheet commitments given to third parties either in the form of guarantees issued by banks on behalf of Cofiroute or directly: €8.8 million.
- Commitments received in the form of guarantees issued by banks on behalf of toll subscribers in favour of Cofiroute: €0.6 million.
- Investment commitments: as part of its concession contracts, the Company is committed to making investments amounting to €1,010 million.
- Commitments to the lessor of the Rueil-Malmaison corporate headquarters estimated at €9.2 million.

2.4.2. Average workforce and staff training rights

(number)	Paid staff 2016
Management	232
Supervisory	342
Office, technical and manual	880
Total	**1,455**

Beginning on 1 January 2015, the individual training account (CPF in French) replaced and phased-out the individual training entitlement (DIF).

The Caisse des Dépôts et Consignations (Deposits and Consignments Fund) tracks the hours in the CPF account using a computerized information processing system.

3. Other information

3.1. Remuneration and similar benefits paid to members of the governing and management bodies

The remuneration of the Group's corporate officers is determined by the Board of Directors following proposals from the Remuneration Committee.

Aggregate remuneration and similar benefits granted to the members of the Group's governing bodies and Executive Committee, recorded as expenses in 2015 and 2016 break down as follows:

	Members of the governing bodies and the Executive Committee	
(in € millions)	2016	2015
Remuneration	1.1	1.1
Employer's social charges	0.5	0.5
Post-employment benefits	0.0	0.0
Severance payments	0.0	0.0
Share-based payments	0.6	0.4
Provisions for retirement benefit obligations	0.2	0.1

3.2. Transactions with the VINCI group

Transactions in 2015 and 2016 between Cofiroute and the VINCI group break down as follows:

VINCI *(in € millions)*	**2016**	**2015**
Construction expenses	(29.4)	(42.6)
Trade receivables	5.4	6.3
Dividend payments	2,806.2	0.0
Trade suppliers	18.0	29.8
Revenue and other ancillary revenue	0.5	1.5
Advance payments to subcontractors	0.0	0.0
Financial income and expenses	1.2	3.0
Other external expenses	(26.8)	(19.3)

4. Post-balance sheet events

Toll rates on the A86 Duplex increased on 1 January 2017 pursuant to the Interministerial Decree of 22 December 2016. The rate schedule for the interurban network was submitted to the concession grantor for approval on 17 December 2016, in light of the toll rate increases as of 1 February 2017. The schedule calls for a 0.57% increase for class 1, 0.8% for class 2, 1.8% for class 3, 0.6% for class 4 and 0.6% for class 5.

On 26 January 2017, VINCI Autoroutes signed a €432 million motorway investment plan with the government, of which €125 million is for Cofiroute. This plan sets out work to be done to improve territorial mobility. These projects are co-funded by the local authorities affected and by VINCI Autoroutes companies through increases in additional annual tolls ranging between 0.161% and 0.258% during 2019, 2020 and 2021 for the VINCI Autoroutes companies. Subject to ARAFER approval and the publication of decrees by the relevant state councils, work should begin at the end of 2017.

Report of the Statutory Auditors on the financial statements

For the year ended 31 December 2016

COFIROUTE
Head office:
12-14, rue Louis Blériot
92500 Rueil-Malmaison

To the Shareholders,

In accordance with our appointment as Statutory Auditors by your General Shareholders' Meeting, we hereby report to you for the period ended 31 December 2016 on:

- the audit of the accompanying parent company financial statements of COFIROUTE SA;
- the justification of our assessments;
- the specific verifications and disclosures required by law.

These parent company financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance that the parent company financial statements are free of material misstatement. An audit includes examining, on a test basis or by means of other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion, which follows.

In our opinion, the parent company financial statements give a true and fair view of the Company's financial position and assets and liabilities as of 31 December 2015 and the results of its operations for the year then ended, in accordance with accounting principles generally accepted in France.

2. Justification of our assessments

As required by article L.823-9 of the French Commercial Code relating to the justification of our assessments, we hereby inform you of the following information:

- provisions for major repairs: as indicated in Notes 1.8. and 2.2.3. to the parent company financial statements, COFIROUTE SA books provisions to cover its obligations to maintain infrastructure assets under concession in good condition. We have assessed the data and assumptions on which these provisions are based as well as the calculations applied.

This conclusion was formed as part of our audit of the financial statements, taken as a whole, and has therefore contributed to the forming of our opinion, as stated in the first part of this report.

3. Specific verifications and information

We have also carried out, in compliance with the professional standards applicable in France, the specific verifications required by law.

We have no comments to make as to the fair presentation and conformity with the financial statements of the information given in the report of the Board of Directors and in the documents sent to the shareholders, with respect to the financial position and the financial statements.

Pursuant to the law, we hereby inform you that all information set out by the provisions of article L.225-102-1 of the French Commercial Code on remuneration and benefits paid and commitments made in favour of the corporate officers Xavier Huillard and Pierre Coppey are not mentioned in the management report of your Company. As specified in paragraph 20 of the management report, details of such information are given in VINCI's annual report for 2016. As a result, we cannot attest to its accuracy and fair presentation.

Paris La Défense et Neuilly-sur-Seine, 24 February 2017

The Statutory Auditors

KPMG Audit
Department of KPMG SA
Xavier Fournet
Associé

Deloitte & Associes

Fréderic SOULIARD
Associé

Persons responsible for the document

1. Certification by the person responsible for this document

I, the undersigned, Marc Bouron, Chief Executive Officer of Cofiroute, declare having taken all due care to ensure that, to the best of my knowledge, the information presented in this annual financial report gives a true and fair view and that there are no omissions likely to affect materially the meaning of the said information.

To the best of my knowledge, the financial statements have been prepared in compliance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and earnings of Cofiroute. I also confirm that the management report presents a true and fair view of business developments, earnings and the financial position of Cofiroute, as well as a description of the principal risks and uncertainties that they face.

Marc Bouron

Chief Executive Officer

2. Statutory Auditors

The Company's Statutory Auditors are registered with France's official Statutory Auditors' representative body (*Compagnie Nationale des Commissaires aux Comptes*) and are subject to the authority of the French High Council of Statutory Audit (*Haut Conseil du Commissariat aux Comptes*).

Primary Auditors

KPMG SA	**Deloitte & Associés**
3, Cours du Triangle Immeuble le Palatin 92939 Paris La Défense Cedex France	185, avenue Charles-de-Gaulle 92200 Neuilly-sur-Seine Cedex France
Current term began: GM of 23 March 2012.	Current term began: GM of 20 March 2013.
Current term expires: at close of GM to approve the 2017 financial statements	Current term expires: at close of GM to approve the 2018 financial statements

Alternate Auditors

KPMG AUDIT ID	**Cabinet Beas**
3, Cours du Triangle 92939 Paris La Défense cedex France	7 à 9, Villa Houssay 92524 Neuilly-sur-Seine France
Current term began: GM of 23 March 2012.	Current term began: GM of 20 March 2013.
Current term expires: at close of GM to approve the 2017 financial statements	Current term expires: at close of GM to approve the 2018 financial statements

3. Statutory Auditors' fees

Statutory Auditors' fees amounted to €0.21 million for 2016, including €0.14 million for the statutory audit and €0.08 million for other services. These fees showed no material change relative to 2015.

4. Persons responsible for financial information

Jean-Vianney d'Halluin, Chief Financial Officer and Member of the Executive Committee (+33 1 55 94 70 00).

5. Documents available for consultation by the public

The following documents are available on the Company's website (www.vinci-autoroutes.com):

- the 2016 financial report filed with the *Autorité des Marchés Financiers*;
- the 2016 interim financial report filed with the *Autorité des Marchés Financiers*;
- the 2008 to 2015 annual and interim financial reports filed with the *Autorité des Marchés Financiers*;
- the 2007 financial report filed with the *Autorité des Marchés Financiers*;
- management reports.

Cofiroute's Articles of Association may be consulted at Cofiroute's registered office, 12 rue Louis Blériot – CS 30035 – 92506 Rueil Malmaison Cedex (+33 1 55 94 70 00).

Cofiroute

Société Anonyme with share capital of €158,282,124
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VINCI AUTOROUTES